As filed with the Securities and Exchange Commission on June 5, 2020

Registration No. 333-238596

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1 TO
FORM F-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Burning Rock Biotech Limited

(Exact name of Registrant as specified in its charter)

Not Applicable
(Translation of Registrant's name into English)

Cayman Islands (State or other jurisdiction of incorporation or organization)	8071 (Primary Standard Industrial Classification Code Number)	Not Applicable (I.R.S. Employer Identification No.)

601, 6/F, Building 3, Standard Industrial Unit 2
No. 7, Luoxuan 4th Road
International Bio Island, Guangzhou, 510005
People's Republic of China
+86 020-3403 7871
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Cogency Global Inc.
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Approximate date of commencement of proposed sale to the public:
as soon as practicable after the effective date of this registration statement.

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

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

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

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

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

Emerging growth company ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

† The 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)(3)	Proposed maximum offering price per share(3)	Proposed maximum aggregate offering price(2)(3)	Amount of registration fee(4)
Class A ordinary shares, par value US$0.0002 per share(1)	15,525,000	US$15.50	US$240,637,500.00	US$31,234.75

(1) American depositary shares issuable upon deposit of Class A ordinary shares registered hereby will be registered under a separate registration statement on Form F-6 (Registration No. 333-238921). Each American depositary share represents one Class A ordinary share.

(2) Includes Class A ordinary shares that are issuable upon the exercise of the underwriters' over-allotment option. Also includes Class A ordinary shares initially offered and sold outside the United States that may be resold from time to time in the United States either as part of their distribution or within 40 days after the later of the effective date of this registration statement and the date the shares are first bona fide offered to the public. These Class A ordinary shares are not being registered for the purpose of sales outside the United States.

(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.

(4) US$12,980.00 previously paid.

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. These securities may not be sold until the registration statement filed with the United States Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PROSPECTUS (Subject to Completion)
Issued June 5, 2020

13,500,000 American Depositary Shares

Burning Rock Biotech Limited

Representing 13,500,000 Class A Ordinary Shares

This is an initial public offering of American depositary shares, or ADSs, representing Class A ordinary shares of Burning Rock Biotech Limited.

We are offering 13,500,000 ADSs. Each ADS represents one Class A ordinary share, par value US$0.0002 per share. We anticipate the initial public offering price per ADS will be between US$13.50 and US$15.50.

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

We are an "emerging growth company" under applicable United States federal securities laws and are eligible for reduced public company reporting requirements.

See "Risk Factors" on page 15 to read about factors you should consider before buying the ADSs.

PRICE US$ PER ADS

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Us
Per ADS	*US$*	*US$*	*US$*
Total	*US$*	*US$*	*US$*

We have granted the underwriters a 30-day option to purchase up to an aggregate of 2,025,000 additional ADSs from us at the initial public offering price less the underwriting discounts and commissions.

Several existing shareholders and their affiliates have indicated an interest in purchasing up to an aggregate of US$79 million of ADSs in this offering. OrbiMed Entities and Casdin Partners Master Fund, L.P., our existing shareholders, have indicated an interest in purchasing up to US$25 million and US$22.5 million, respectively, of the ADSs representing Class A ordinary shares in this offering at the initial public offering price and on the same terms as the other ADSs being offered. Certain existing shareholders and their affiliates, including an affiliate of LYFE Capital, an affiliate of Lilly Asia Ventures, investment funds sponsored by CMB International Capital Corporation Limited and its affiliates and investment funds affiliated with Sequoia Capital China, have indicated an interest in purchasing up to an aggregate of US$31.5 million of the ADSs representing Class A ordinary shares in this offering at the initial public offering price and on the same terms as the other ADSs being offered. Such indications of interest are not binding agreements or commitments to purchase, and we and the underwriters are currently under no obligation to sell ADSs to any of these shareholders or their affiliates.

Concurrently with, and subject to, the completion of this offering, Lake Bleu Prime Healthcare Master Fund Limited has agreed to purchase from us US$25 million in Class A ordinary shares at a price per share equal to the initial public offering price.

Upon completion of this offering, our outstanding ordinary share capital will consist of Class A ordinary shares and Class B ordinary shares. Mr. Yusheng Han, our founder, chairman of the board of directors and chief executive officer, will beneficially own all of our issued Class B ordinary shares. These Class B ordinary shares will constitute approximately 17.0% of our total issued and outstanding share capital immediately after the completion of this offering and the concurrent private placement and 55.1% of the aggregate voting power of our total issued and outstanding share capital immediately after the completion of this offering and the concurrent private placement, assuming the underwriters do not exercise their over-allotment option. Holders of Class A ordinary shares and Class B ordinary shares have the same rights except for voting and conversion rights. Each Class A ordinary share will be entitled to one vote, and is not convertible into Class B ordinary share under any circumstance. Each Class B ordinary share will be entitled to six (6) votes and is convertible into one Class A ordinary share at any time by the holder thereof.

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

Morgan Stanley **BofA Securities** **Cowen**
CMBI Tiger Brokers

Prospectus dated , 2020.

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No dealer, salesperson or other person is authorized to give any information or to represent 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 only the ADSs offered hereby, but 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.

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

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 the underwriter and with respect to its 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. 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. This prospectus contains information from an industry report commissioned by us and prepared by China Insights Consultancy, or CIC, an independent management consulting firm, to provide information regarding China's cancer genotyping market and early cancer detection market.

Our Company

Our Mission

Guard life via science.

Overview

We aim to transform precision oncology and early cancer detection. We are China's number one NGS-based cancer therapy selection company, as evidenced by the largest market share of 26.7% in China's NGS-based cancer therapy selection market in terms of number of patients tested in 2019, according to China Insights Consultancy, or CIC. Our cancer therapy selection platform is built upon our advanced proprietary technologies, comprehensive portfolio of products and a two-pronged market-driven commercial infrastructure addressing both larger hospitals through our in-hospital model and smaller hospitals through our central laboratory model.

Our advanced technology platform integrates cutting-edge proprietary cancer therapy selection technologies for both tissue and liquid biopsies, including assay biochemistry, bioinformatics, a patented laboratory information management system and expansive genomic databases. Our proprietary High Sensitivity, or HS, library preparation technology allows us to work with poor quality and limited volume samples and enables enhanced sensitivity—capabilities that are critical to effectively deploying NGS-based cancer therapy selection, especially in China. Our in-depth cancer genomics insights, accumulated from over 185,000 tests performed since our inception, enable us to process and accurately analyze genomic information and achieve a median turnaround time of 6 days.

Our NGS-based cancer therapy selection test products are used to assist physicians in selecting the most effective therapy for cancer patients. We currently offer 13 NGS-based cancer therapy selection tests applicable to a broad range of cancer types, including lung cancer, gastrointestinal cancer, prostate cancer, breast cancer, lymphomas, thyroid cancer, colorectal cancer, ovarian cancer, pancreatic cancer, and bladder cancer, using both tissue and liquid biopsy samples. Our core products, including OncoScreen Plus and LungPlasma, perform on par with those of our global peers. We are the clear leader in the lung cancer segment of China's NGS-based genotyping market, with a market share of 31.0% in terms of number of patients tested in 2019, according to CIC. We believe we offer the best NGS-based cancer therapy selection products and services in China, and we have won the trust of pharmaceutical companies, physicians, hospitals and patients with our high quality standards, superior product performance and strong service support. Our products are recognized by the medical, pharmaceutical and scientific communities, as evidenced by (i) the use of our products by oncology key opinion leaders in clinical trials and research studies they initiate, and (ii) our collaborations on clinical trials and research studies with leading pharmaceutical companies including AstraZeneca (NYSE: AZN), Bayer (ETR: BAYN), Johnson & Johnson (NYSE: JNJ), Sino Biopharm (HKEX: 1177), CStone Pharmaceuticals, or CStone (HKEX: 2616), and BeiGene (HKEX: 6160), primarily by providing central laboratory services and companion diagnostics development services to these pharmaceutical companies. The results of these clinical trials and research studies have been published in 91 peer-reviewed articles, and the results of research studies using our products have been published in 76 peer-reviewed articles.

We are the only company in China that has both (i) an NGS laboratory certified under the U.S. Clinical Laboratory Improvement Amendments, or the CLIA, accredited by the U.S. College of American Pathologist, or the CAP, and certified by China's National Center for Clinical Laboratories, or the NCCL, and (ii) an NGS-based reagent kit approved by China's National Medical Products Administration, or the NMPA. We believe these certifications, accreditations and regulatory approvals endorse the efficiency, accuracy and consistency of our testing results.

We pioneered a two-pronged commercial infrastructure, consisting of both central and in-hospital laboratories, to maximize market penetration and create higher barriers to entry.

- ***Central laboratory model***: Our central laboratory processes cancer patients' tissue and liquid biopsy samples delivered to us from hospitals across China and issues test reports. This model has enabled us to become China's largest provider of NGS-based cancer therapy selection tests while building relationships with 4,162 physicians from 602 hospitals across China. Our central laboratory also supports our collaborations with pharmaceutical companies. We are the number one in the central laboratory segment of China's NGS-based cancer therapy selection market, with a market share of 17.5% in terms of number of patients tested in 2019, according to CIC. Revenue from our central laboratory model has accounted for a substantial majority of our revenue to date, and we expect it to continue to grow.
- ***In-hospital model***: Chinese hospitals generally prefer to conduct laboratory tests in-house. However, despite the large and growing demand for NGS-based cancer therapy selection tests, hospitals face multiple challenges in adopting these tests, which have technically sophisticated workflows. In 2016, we became China's first NGS-based cancer therapy selection company to offer an in-hospital model, providing turn-key solutions to address Chinese hospitals' challenges in adopting NGS-based cancer therapy selection. We help our partner hospitals establish their in-hospital laboratories, install laboratory equipment and systems, and provide ongoing training and support. With these laboratories, equipment and systems in place, we sell them our reagent kits on a recurring basis, which allow them to perform testing on their own in a standardized manner. We have partnered with 44 Class III Grade A hospitals (the highest of China's nine-tiered hospital designation system), giving us a 79.9% market share in the in-hospital segment of China's NGS-based cancer therapy selection industry in terms of number of patients tested in 2019, according to CIC. While revenue from our in-hospital model is still relatively small, we are investing substantially to expand it and expect it to become an increasingly important segment of China's NGS-based cancer therapy selection market.

Our proprietary database, OncoDB, includes over 185,000 cancer therapy selection test results. OncoDB enables us to build our Live Annotation Visualization and Analysis, or LAVA, a cloud-based cancer genomic data ecosystem that facilitates the broader exchange of real-time clinically actionable genomic data among physicians. Over 420 physicians from 120 hospitals have joined LAVA. We plan to expand LAVA to pharmaceutical companies and hospitals to assist in clinical trials and research studies. As LAVA expands, we believe that it will create business opportunities for all of its participants.

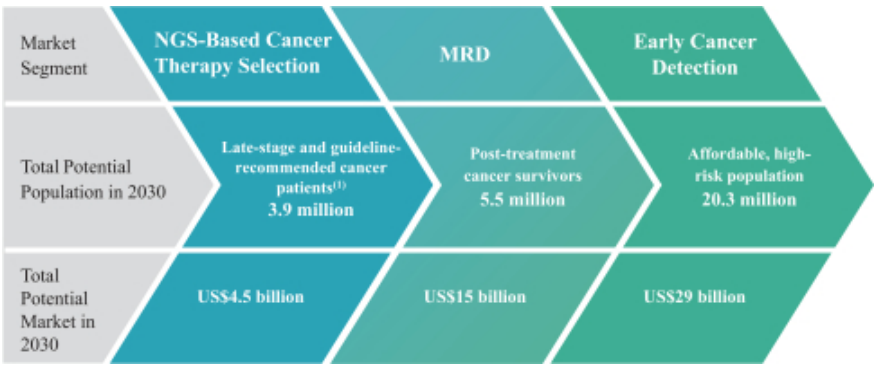
In addition to our NGS-based cancer therapy selection tests, we are also investing in our development of early cancer detection tests. Early cancer detection can substantially increase the chances of successful treatment and therefore presents enormous market opportunities. However, it is extremely difficult to develop liquid biopsy-based early cancer detection tests with the sensitivity and specificity needed for the tests to be clinically useful. Our targeted DNA methylation-based library preparation technologies and bioinformatics effectively address these challenges by enhancing the signal-to-noise ratio on the most informative cancer-associated methylation loci and blocks, enabling us to detect extremely low circulating levels of cancer biomarkers to facilitate accurate early detection of multiple cancers. Our early cancer detection technologies have demonstrated sensitivities of 52% for Stage Ia lung cancer, 71% for Stage I colorectal cancer and 85% for Stage I hepatocellular carcinoma, at specificities of 96-99%, which compare similarly to those of our global peers, based

on publicly available data. We will continue our research and development efforts in early cancer detection, with the aim of developing pan-cancer early detection products.

Molecular residual disease, or MRD, detection is useful for monitoring post-treatment cancer patients, and we are also researching ways to leverage our existing technologies to develop MRD detection products.

We are one of the fastest-growing companies in China's NGS-based cancer therapy selection market. Our revenue increased by 87.9% from RMB111.2 million in 2017 to RMB208.9 million in 2018 and further increased by 82.7% to RMB381.7 million (US$53.9 million) in 2019. Our revenue was RMB67.3 million (US$9.5 million) for the three months ended March 31, 2020. Our gross profit increased by 88.4% from RMB71.7 million in 2017 to RMB135.1 million in 2018 and further increased by 102.4% to RMB273.3 million (US$38.6 million) in 2019. Our gross profit was RMB44.8 million (US$6.3 million) for the three months ended March 31, 2020. Our gross profit margin was 64.5%, 64.7%, 71.6% and 66.5% in 2017, 2018, 2019 and the three months ended March 31, 2020, respectively.

Market Opportunities



(1) Including late-stage cancer patients and cancer patients who are recommended by guidelines to take cancer genotyping tests.

China's precision oncology and early cancer detection markets are enormous and with significant growth potential. According to CIC, China's cancer annual incidence is 4.5 million cases in 2019—more than twice of that in the U.S.—and China's annual mortality from cancer is also higher. However, approximately 60%, or 2.5 million cases, of China's cancer incidence are diagnosed in late stage (Stage III or IV), more than three times the number of such cases in the U.S. As a result of the high percentage of late diagnosis and larger cancer patient population, China is in greater need of precision oncology than the U.S. However, cancer treatment is currently dominated by chemotherapy in China. According to CIC, in 2019, chemotherapy accounts for 73.3% of the oncology treatment in China while targeted therapy and immunotherapy account for 85.6% of the oncology treatment in the U.S. Accordingly, targeted therapy and immunotherapy in China are expected to experience rapid growth. We believe the increasing adoption of targeted therapy and immunotherapy for cancer treatment, a favorable regulatory climate for precision oncology, and the expansion of reimbursement for innovative oncology drugs in China will benefit NGS-based cancer therapy selection companies like us.

According to CIC, China's NGS-based cancer therapy selection market is expected to grow from US$0.3 billion in 2019 to US$4.5 billion in 2030, representing a compound annual growth rate, or CAGR, of 29.6%. Currently, the penetration rate for NGS-based cancer therapy selection in China is relatively low, at 6.4% in 2019, primarily due to the lack of awareness of NGS technology among physicians and patients, indicating enormous growth opportunities. The number of patients to receive NGS-based cancer therapy selection in China is expected to increase from 0.2 million in 2019 (representing 6.4% of late-stage cancer patients and cancer

patients who are recommended by guidelines to take cancer genotyping tests) to 1.8 million in 2030 (representing 45.2% of these cancer patients). NGS-based cancer therapy selection is expected to drive the transformation of cancer treatment in China and to fulfill the country's unmet clinical needs.

In addition to cancer genotyping, early cancer detection also has huge potential in China. CIC estimates that the total potential market size for early cancer detection will reach US$28.9 billion in 2030. The total potential population for early cancer detection, which represents the high-risk population able to afford these tests, is estimated to reach 20.3 million in 2030, calculated by multiplying (a) the total size of the high-risk population (age 50-75), which is expected to be 522.0 million in 2030, by (b) 3.9%, the estimated percentage of the population with annual household income over US$70,000.

Rapid technology developments, strong government policy support and fast-growing patient awareness are also expected to increase the adoption of MRD detection in China. CIC estimates that the total potential market size for MRD detection will reach US$14.5 billion in 2030. The total potential population for MRD, which represents post-treatment cancer survivors, is estimated to reach 5.5 million in 2030.

Our Strengths

We believe that the following strengths contribute to our success:

- market-leading position in China's NGS-based cancer diagnostics industry that will drive continued growth;
- advanced NGS-based cancer therapy selection technologies;
- a comprehensive portfolio of cancer therapy selection products;
- two-pronged commercial infrastructure creating high barriers to entry;
- breakthrough technologies in early cancer detection; and
- multidisciplinary management team across molecular biology, genetics, biostatistics and marketing.

Our Strategies

We intend to further grow our business by pursuing the following strategies:

- increase market penetration of our cancer therapy selection products and expand our product portfolio;
- continue research and development in early cancer detection; and
- use our genomic database to build an ecosystem connecting physicians, hospitals and pharmaceutical companies that will create business opportunities for all participants.

Risks Associated with Our Business

Our business is subject to a variety of competitive, regulatory, technical and other risks of which you should be aware of before making an investment decision. These risks are discussed more fully in the "Risk Factors" section of this prospectus immediately following this prospectus summary. These risks include the following:

- our ability to sustain our historical growth and generate sufficient revenue to achieve and maintain profitability;
- our ability to maintain significant commercial market acceptance for our products and services;
- our ability to develop and commercialize our early cancer detection products and new cancer therapy selection products;

- our ability to keep up with industry and technology developments;
- our ability to maintain and develop relationships with hospitals and physicians;
- our ability to compete successfully with our competitors; and
- our ability to retain and obtain the requisite certificates, licenses and permits applicable to our business.

Please see "Risk Factors" and other information included in this prospectus for a discussion of these and other risks and uncertainties that we face.

Recent Developments

The table below sets forth our unaudited interim consolidated revenues by segments for the four months ended April 30, 2019 and 2020. The unaudited interim consolidated revenues by segments for the four months ended April 30, 2020 were reviewed by our independent registered public accounting firm and were prepared on the same basis as our audited consolidated revenues by segments. The unaudited interim consolidated revenues by segments for the four months ended April 30, 2019 have not been reviewed by our independent registered public accounting firm.

	Four months ended April 30,		
	2019	2020	
	RMB	RMB	US$
	(unaudited)	(unaudited)	
	(in thousands)		
Revenues:			
Central laboratory business	92,890	69,539	9,821
In-hospital business	31,795	27,899	3,940
Pharma research and development services	6,865	5,293	748
Total revenues	131,550	102,731	14,509

The table below sets forth our unaudited interim consolidated revenues by segments for the month ended April 30, 2019 and 2020. The unaudited interim consolidated revenues by segments for the month ended April 30, 2020 were derived from the unaudited interim consolidated revenues by segments for the four months ended April 30, 2020 and for the three months ended March 31, 2020. The unaudited interim consolidated revenues by segments for the month ended April 30, 2019 and 2020 have not been reviewed by our independent registered public accounting firm.

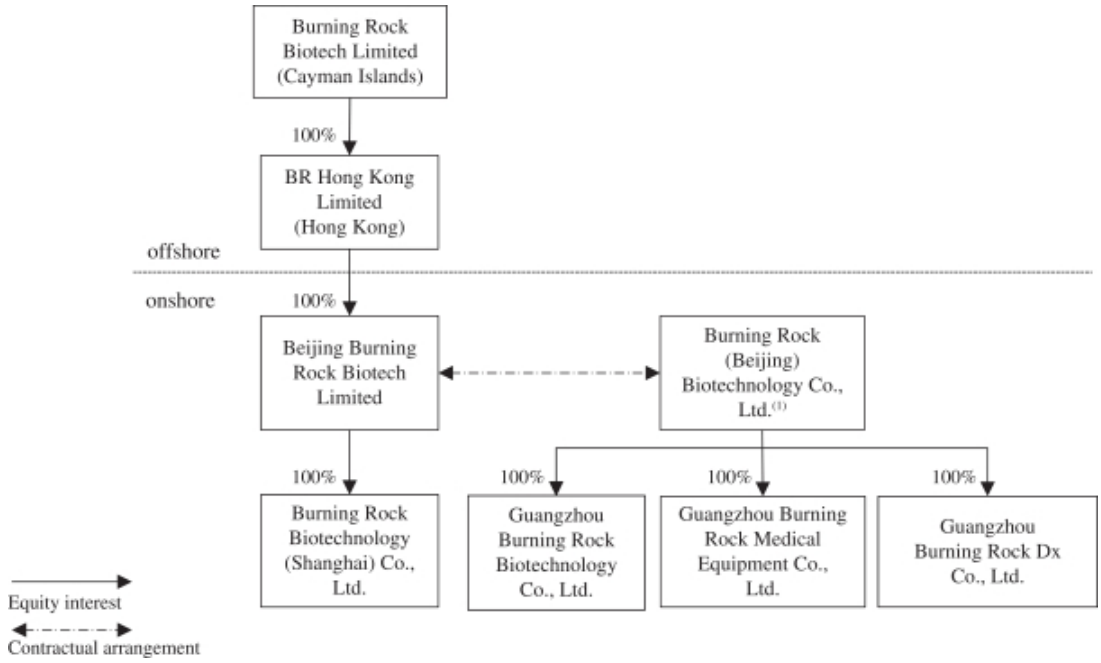
	The month ended April 30,			Year-over-year increase/(decrease)
	2019	2020		
	RMB	RMB	US$	%
	(unaudited)	(unaudited)		
	(in thousands, except for %)			
Revenues:				
Central laboratory business	20,083	23,398	3,304	16.5%
In-hospital business	5,238	10,776	1,522	105.7%
Pharma research and development services	1,764	1,228	173	(30.4)%
Total revenues	27,085	35,402	4,999	30.7%

There can be no assurance that there would be no material change in the financial information for the month ended April 30, 2019 and 2020 or for the four months ended April 30, 2019 and 2020, had the unaudited interim

consolidated financial information been audited. Revenues for the month ended April 30, 2020 or the four months ended April 30, 2020 may not be indicative of our results for future interim periods or for the year ending December 31, 2020. See "Special Note Regarding Forward-Looking Statements." Please refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Risk Factors" and "Business" included elsewhere in this prospectus for information regarding trends and other factors, that may influence our results of operations.

Corporate Structure

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



(1) Shareholders of Burning Rock (Beijing) Biotechnology Co., Ltd., our variable interest entity, or VIE, include (i) Mr. Yusheng Han, our founder, chairman of the board of directors and chief executive officer, who holds 45.9% of the equity interests in our VIE, (ii) Mr. Xia Nan, an affiliate of Northern Light Venture Capital III, Ltd., who holds 18.1% of the equity interests in our VIE, (iii) Mr. Gang Lu, our director, and Mr. Jin Zhao, our former director, who hold 7.1% and 8.8% of the equity interests in our VIE, respectively, (iv) Growth No. 12 Investment (Shenzhen) Partnership (Limited Partnership), an affiliate of a principal shareholder, which holds 6.0% of the equity interests in our VIE, and (v) seven minority shareholders, who in aggregate hold 14.1% of the equity interests in our VIE, including Dr. Shaokun (Shannon) Chuai, our chief operating officer.

Implication of Being an Emerging Growth Company

As a company with less than US$1.07 billion in revenue for our last fiscal year, we qualify as an "emerging growth company" pursuant to the Jumpstart Our Business Startups Act of 2012, as amended, or the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements compared to those that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002 in the assessment of the emerging growth company's internal control over financial reporting.

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

Corporate Information

Our principal executive offices are located at 601, 6/F, Building 3, Standard Industrial Unit 2, No.7 Luoxuan 4th Road, International Bio Island, Guangzhou, the People's Republic of China. Our telephone number at this address is +86 020-3403 7871. Our registered office in the Cayman Islands is located at the offices of Maples Corporate Services Limited at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

Our agent for service of process in the U.S. is Cogency Global Inc., located at 122 East 42nd Street, 18th Floor, New York, NY10168.

Investors should submit any inquiries to the address and telephone number of our principal executive offices. Our main website is http://www.brbiotech.com. The information contained on our website is not a part of this prospectus.

Conventions that Apply to this Prospectus

Unless otherwise indicated or the context otherwise requires, and for purposes of this prospectus only:

- "ADSs" refer to American depositary shares, each of which represents one Class A ordinary share;
- "Burning Rock," "we," "us," "our company" and "our" refer to Burning Rock Biotech Limited, a Cayman Islands exempted company, and its subsidiaries and consolidated affiliated entities;
- "China" or "the PRC" refers to the People's Republic of China, excluding, for the purposes of this prospectus only, Hong Kong, Macau and Taiwan;
- "liquid biopsy" refers to a test done on a blood sample that enables the access to the molecular information, by looking for cancer cells from a tumor that are circulating in the blood or for pieces of DNA from tumor cells that are in the blood, throughout all stages of cancer;
- "NGS" refers to next-generation sequencing, a DNA sequencing technology used to determine the nucleotide sequence of an individual's genome;
- "RMB" or "Renminbi" refers to the legal currency of China;
- "sensitivity" refers to the percentage of people who test positive for a specific disease or condition among people who actually have the disease or condition;
- "shares" or "ordinary shares" refer to our ordinary shares, par value US$0.0002 per share, and upon the completion of this offering, to our Class A ordinary shares and Class B ordinary shares, par value US$0.0002 per share;
- "specificity" refers to the percentage of people who test negative for a specific disease or condition among people who do not have the disease or condition;

- "U.S. GAAP" refers to accounting principles generally accepted in the U.S.; and
- "US$," "U.S. dollars," "$," and "dollars" refer to the legal currency of the U.S.

Unless the context indicates otherwise, all information in this prospectus assumes no exercise by the underwriters of their over-allotment option.

Our reporting currency is the Renminbi. This prospectus also contains translations of certain foreign currency amounts into U.S. dollars for the convenience of the reader. Unless otherwise stated, all translations from Renminbi to U.S. dollars were made at a rate of RMB7.0808 to US$1.00, the exchange rate set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System on March 31, 2020. We make no representation that any Renminbi or U.S. dollar amounts referred to in this prospectus could have been or could be converted into U.S. dollars or Renminbi, as the case may be, at any particular rate, or at all. On May 15, 2020, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Board was RMB7.1013 to US$1.00.

All of our share related numbers contained in this prospectus, including but not limited to the numbers of authorized, issued and outstanding shares, have retroactively reflected the 2-for-1 reverse share split that we effected in January 2020.

The Offering	
Offering price	We currently estimate that the initial public offering price will be between US$13.50 and US$15.50 per ADS.
ADSs offered by us	13,500,000 ADSs (or 15,525,000 ADSs if the underwriters exercise their over-allotment option in full).
ADSs outstanding immediately after this offering	13,500,000 ADSs (or 15,525,000 ADSs if the underwriters exercise their over-allotment option in full).
Concurrent private placement	Concurrently with, and subject to, the completion of this offering, Lake Bleu Prime Healthcare Master Fund Limited has agreed to purchase from us US$25 million in Class A ordinary shares at a price per share equal to the initial public offering price, or the concurrent private placement. Assuming an initial offering price of US$14.50 per ADS, the mid-point of the estimated range of the initial public offering price, this investor will purchase 1,724,138 Class A ordinary shares from us. Our proposed issuance and sale of ordinary shares to this investor is being made through private placement pursuant to an exemption from registration with the U.S. Securities and Exchange Commission under Regulation S of the U.S. Securities Act of 1933, as amended, or the Securities Act. Under the subscription agreement executed on June 5, 2020, the completion of this offering is the only substantive closing condition precedent for the concurrent private placement and if this offering is completed, the concurrent private placement will be completed concurrently. The investor has agreed with the underwriters not to, directly or indirectly, sell, transfer or dispose of any ordinary shares acquired in the concurrent private placement for a period of 180 days after the date of this prospectus, subject to certain exceptions.
Ordinary shares issued and outstanding immediately after this offering and the concurrent private placement	101,988,521 ordinary shares, comprised of (i) 84,663,673 Class A ordinary shares (or 86,688,673 Class A ordinary shares if the underwriters exercise their over-allotment option in full), including 1,724,138 Class A ordinary shares we will issue and sell in the concurrent private placement, which number of shares has been calculated based on an assumed initial offering price of US$14.50 per ADS, the mid-point of the estimated range of initial public offering price, and (ii) 17,324,848 Class B ordinary shares.
The ADSs	Each ADS represents one Class A ordinary share, par value US$0.0002 per share. The depositary will hold Class A ordinary shares underlying your ADSs. You will have rights as provided in the deposit agreement

	among us, the depositary and all holders and beneficial owners of ADSs issued thereunder. We do not expect to pay dividends in the foreseeable future. If, however, we declare dividends on our Class A ordinary shares, the depositary will pay you the cash dividends and other distributions it receives on our Class A ordinary shares after deducting its fees and expenses in accordance with the terms set forth in the deposit agreement. You may surrender your ADSs to the depositary in exchange for Class A ordinary shares. The depositary will charge you fees for any such exchange. 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.
Ordinary shares	Our ordinary shares will be divided into Class A ordinary shares and Class B ordinary shares upon completion of this offering. Holders of Class A ordinary shares and Class B ordinary shares will have the same rights except for voting and conversion rights. In respect of matters requiring a shareholder vote, each Class A ordinary share will be entitled to one vote, and each Class B ordinary share will be entitled to six (6) votes. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any transfer of Class B ordinary shares by a holder thereof to any person or entity which is not an affiliate of such holder and under certain other circumstances, such Class B ordinary shares shall be automatically and immediately converted into the same number of Class A ordinary shares. For a description of Class A ordinary shares and Class B ordinary shares, see "Description of Share Capital."
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 additional 2,025,000 ADSs.
Use of proceeds	We expect that we will receive net proceeds of approximately US$178.2 million from this offering, or approximately US$205.5 million if the underwriters exercise their over-allotment option in full, assuming an initial public offering price of US$14.50 per ADS, which

	is the midpoint of the estimated range of the initial public offering price, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We expect to receive net proceeds of approximately US$25 million from the concurrent private placement. We plan to use the net proceeds of this offering and the concurrent private placement for general corporate purposes, which may include (i) research and development of our early cancer detection technologies, (ii) obtaining NMPA approvals for additional cancer therapy selection products, including completing related clinical trials, and (iii) other general and administrative matters. See “Use of Proceeds” for more information.
Indication of Interest	OrbiMed Entities and Casdin Partners Master Fund, L.P., our existing shareholders, have indicated an interest in purchasing up to US$25 million and US$22.5 million, respectively, of the ADSs representing Class A ordinary shares in this offering at the initial public offering price and on the same terms as the other ADSs being offered. Certain existing shareholders and their affiliates, including an affiliate of LYFE Capital, an affiliate of Lilly Asia Ventures, investment funds sponsored by CMB International Capital Corporation Limited and its affiliates and investment funds affiliated with Sequoia Capital China, have indicated an interest in purchasing up to an aggregate of US$31.5 million of the ADSs representing Class A ordinary shares in this offering at the initial public offering price and on the same terms as the other ADSs being offered. Such indications of interest are not binding agreements or commitments to purchase, and we and the underwriters are currently under no obligation to sell ADSs to any of these shareholders or their affiliates.
Lock-up	We, our directors, executive officers and current shareholders, and the concurrent private placement investor, 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 Eligible for Future Sale” and “Underwriting.”
Listing	We have applied to have the ADSs listed on the Nasdaq Global Market under the symbol “BNR.” The ADSs and our shares will not be listed on any other stock exchange or traded on any automated quotation system.
Payment and settlement	The underwriters expect to deliver the ADSs against payment therefor through the facilities of The Depository Trust Company on , 2020.
Depositary	Citibank, N.A.

Summary Consolidated Financial and Operating Data

The following summary consolidated statements of comprehensive loss data and consolidated statements of cash flow data for the years ended December 31, 2017, 2018 and 2019, and consolidated balance sheets data as of December 31, 2018 and 2019 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The following summary consolidated statements of comprehensive loss data and consolidated statements of cash flow data for the three months ended March 31, 2019 and 2020, and consolidated balance sheet data as of March 31, 2020 have been derived from our unaudited condensed consolidated interim financial statements included elsewhere in this prospectus. Our consolidated financial statements are prepared and presented in accordance with U.S. GAAP. Our historical results are not necessarily indicative of results expected for future periods. 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.

	Year ended December 31,				Three months ended March 31,		
	2017	2018	2019		2019	2020	
	RMB	RMB	RMB	US$	RMB	RMB	US$
					(unaudited)	(unaudited)	
	(in thousands, except for per share and share data)						
Summary Consolidated Statements of Comprehensive Loss Data:							
Revenues	111,166	208,867	381,677	53,903	104,465	67,329	9,509
Cost of revenues	(39,470)	(73,808)	(108,343)	(15,301)	(26,353)	(22,545)	(3,184)
Gross profit	71,696	135,059	273,334	38,602	78,112	44,784	6,325
Operating expenses:							
Research and development expenses	(49,022)	(105,299)	(156,935)	(22,163)	(31,427)	(40,016)	(5,651)
Selling and marketing expenses	(67,505)	(102,857)	(153,334)	(21,655)	(26,690)	(29,815)	(4,211)
General and administrative expenses	(76,036)	(88,299)	(132,157)	(18,664)	(31,565)	(34,295)	(4,843)
Total operating expenses	(192,563)	(296,455)	(442,426)	(62,482)	(89,682)	(104,126)	(14,705)
Loss from operations	(120,867)	(161,396)	(169,092)	(23,880)	(11,570)	(59,342)	(8,380)
Interest (expense) income, net	(9,861)	(16,612)	2,172	307	(4,082)	2,807	396
Other expense, net	(32)	(488)	(883)	(125)	(176)	(151)	(21)
Foreign exchange (loss) gain, net	(515)	999	1,486	210	(101)	611	86
Change in fair value of warrant liability	—	—	(2,839)	(401)	64	3,503	495
Loss before income tax	(131,275)	(177,497)	(169,156)	(23,889)	(15,865)	(52,572)	(7,424)
Income tax expenses	—	—	—	—	—	—	—
Net loss	(131,275)	(177,497)	(169,156)	(23,889)	(15,865)	(52,572)	(7,424)
Net loss attributable to Burning Rock Biotech Limited's shareholders	(131,275)	(177,497)	(169,156)	(23,889)	(15,865)	(52,572)	(7,424)
Accretion of convertible preferred shares	(53,276)	(54,849)	(165,011)	(23,304)	(50,296)	(26,288)	(3,713)
Net loss attributable to ordinary shareholders	(184,551)	(232,346)	(334,167)	(47,193)	(66,161)	(78,860)	(11,137)
Loss per share(1):							
Basic and diluted	(10.20)	(10.38)	(14.23)	(2.01)	(2,86)	(3.15)	(0.44)
Weighted average shares outstanding used in loss per share computation(1):							
Basic and diluted	18,089,102	22,378,876	23,483,915	23,483,915	23,167,232	25,031,575	25,031,575

(1) In January 2020, we effected a 2-for-1 reverse share split. The amounts of loss per share and weighted average shares outstanding used in loss per share computation have been retroactively adjusted to reflect the reverse share split for all periods presented.

	As of December 31,			As of March 31, 2020	
	2018	2019			
	RMB	RMB	US$	RMB	US$
			(in thousands)	(unaudited)	
Summary Consolidated Balance Sheets Data:					
Cash and cash equivalents	93,341	94,235	13,309	363,552	51,343
Total current assets	292,989	706,787	99,818	932,279	131,663
Total assets	372,674	847,557	119,699	1,069,055	150,979
Total current liabilities	284,698	164,442	23,225	143,037	20,199
Total liabilities	380,018	212,018	29,944	180,789	25,531
Total mezzanine equity	596,118	1,527,033	215,658	1,843,032	260,286
Total shareholders' deficit	(603,462)	(891,494)	(125,903)	(954,766)	(134,838)

	Year ended December 31,				Three months ended March 31,		
	2017	2018	2019		2019	2020	
	RMB	RMB	RMB	US$	RMB	RMB	US$
				(in thousands)	(unaudited)	(unaudited)	
Summary Consolidated Statements of Cash Flow Data:							
Net cash used in operating activities	(133,701)	(148,780)	(228,041)	(32,207)	(105,518)	(6,956)	(982)
Net cash (used in) generated from investing activities	(191,077)	106,091	(346,660)	(48,956)	(174,776)	(3,613)	(511)
Net cash generated from financing activities	354,166	83,393	571,735	80,744	590,446	272,228	38,445
Effect of exchange rate on cash, cash equivalents and restricted cash	(11,406)	(159)	5,876	830	2,381	4,641	656
Net increase in cash, cash equivalents and restricted cash	17,982	40,545	2,910	411	312,533	266,300	37,608
Cash, cash equivalents and restricted cash at beginning of year/period	36,807	54,789	95,334	13,464	95,334	98,244	13,875
Cash, cash equivalents and restricted cash at end of year/period	54,789	95,334	98,244	13,875	407,867	364,544	51,483

Summary Operating Data

The table below sets forth our summary operating data for the years ended December 31, 2017, 2018 and 2019 and the three months ended March 31, 2019 and 2020:

	Year ended December 31,			Three months ended March 31,	
	2017	2018	2019	2019	2020
Central Laboratory Model:					
Number of patients tested	9,464	15,821	23,075	5,336	4,680
Number of ordering physicians(1)	777	1,135	1,632	984	810
Number of ordering hospitals(2)	207	263	335	249	232

(1) Represents physicians who on average order at least one test from us every month during a relevant period under the central laboratory model.
(2) Represents hospitals whose residing physicians who on average order at least one test from us every month during a relevant period under the central laboratory model.

The table below sets forth our summary operating data as of December 31, 2016, 2017, 2018, 2019 and March 31, 2020:

	As of December 31,				As of March 31,
	2016	2017	2018	2019	2020
In-hospital Model:					
Pipeline partner hospitals(1)	7	12	14	21	23
Contracted partner hospitals(2)	2	4	12	19	21
Total number of partner hospitals	9	16	26	40	44

(1) Refers to hospitals that have established in-hospital laboratories, completed laboratory equipment installation and commenced pilot testing using our products. According to CIC, it generally takes 12 to 30 months for hospitals to progress from pipeline partner hospitals to contracted partner hospitals, which generate recurring revenue from the sale of reagent kits.
(2) Refers to hospitals that have entered into contracts to purchase our products for use on a recurring basis in their respective in-hospital laboratories we helped them establish.

RISK FACTORS

An investment in the ADSs involves significant risks. You should consider carefully all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in the ADSs. Any of the following risks could have an adverse effect on our business, financial condition and results of operations. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, prospects, financial condition, results of operations, cash flows and ability to pay dividends, and you may lose all or part of your investment.

Risks Relating to Our Business and Industry

We are a cancer diagnostics company with a limited operating history, which may make it difficult to evaluate our current business and predict our future performance.

We commercially launched our first cancer therapy selection test in 2014 and started generating revenue in 2014. Our limited operating history may make it difficult to evaluate our current business and predict our future performance. Any assessment of our profitability or prediction about our future success or viability is subject to significant uncertainty.

China's NGS-based cancer therapy selection market is still in its early stage of development and rapidly evolving, and companies operating in this industry face a variety of risks. We may not have sufficient experience or resources to address risks frequently encountered in this industry, which include, among other things, our potential failure to:

- acquire and retain customers and increase adoption of our cancer therapy selection products and services by hospitals, physicians, patients, pharmaceutical companies and others in the medical community;
- timely respond to changing market conditions and keep up with evolving industry and technological standards and regulatory developments;
- obtain and maintain the regulatory approvals required for us to further market and sell our cancer therapy selection products and services and commercialize our early cancer detection products and services;
- manage our relationships with our suppliers, customers and research partners;
- protect proprietary technologies and intellectual property rights; and
- attract, train, motivate and retain research and development and other qualified personnel.

If we are unsuccessful in addressing any one or more of these risks, our business, financial condition and results of operations could be adversely affected.

We have incurred net losses historically, and may not be able to achieve and maintain profitability.

Although our revenue grew rapidly in recent years, we have historically incurred net losses. In 2017, 2018, 2019 and the three months ended March 31, 2020, we incurred net loss of RMB131.3 million, RMB177.5 million, RMB169.2 million (US$23.9 million) and RMB52.6 million (US$7.4 million), respectively. To date, we have financed our operations principally from revenue generated from operations, debt and equity financing from our investors and bank borrowings.

We have invested and expect to continue to invest significantly in the research, development, and sales and marketing of our products. As such, we may continue to incur losses in the future. We cannot predict the extent of these future losses, or when we may achieve profitability, if at all. If we are unable to generate sufficient revenue from our business and control our costs and expenses to achieve and maintain profitability, the value of your investment in us could be negatively affected.

Failure to maintain significant commercial market acceptance for our cancer therapy selection products and services, or any future products and services may harm our business and results of operations.

Our cancer therapy selection products and services contributed substantially all of our revenue for 2017, 2018, 2019 and the three months ended March 31, 2020. Although we are in the process of developing early cancer detection products, our cancer therapy selection tests will continue to account for a significant portion of our revenue in the foreseeable future. Our ability to execute our growth strategy and become profitable will therefore depend upon the continued and further adoption of our cancer therapy selection products and services by hospitals and patients. Continued adoption and use of these products and services will depend on several factors, including, among others:

- our ability to demonstrate among the medical community the clinical utility, superiority and the benefits of our cancer therapy selection products and services;
- our ability to further validate our cancer therapy selection technologies through clinical research and accompanying publications;
- the timing and scope of approval by the NMPA for our additional cancer therapy selection products;
- the prices we charge for our cancer therapy selection products and services;
- our ability to maintain our laboratory certification, accreditation and regulatory approvals, including the NCCL PCR clinical test laboratory certificate, the NCCL NGS laboratory certificate, the CAP accreditation, the CLIA certification, and complete required inspections; and
- the impact of negative publicity regarding our or our competitors' tests and technologies resulting from defects or errors.

We cannot assure you that our cancer therapy selection products and services will continue to maintain or gain market acceptance, and any failure to do so would harm our business and results of operations.

We may be unable to develop and commercialize our early cancer detection products or new cancer therapy selection products on a timely basis, or at all.

We are developing early cancer detection products and may develop and commercialize new cancer therapy selection products from time to time in the future. Developing early cancer detection and new cancer diagnostics products is a lengthy and complex process. New products may take time to commercialize, and their launch could be delayed or may not be successful.

Our product development process involves various risks, and we may not be able to develop and commercialize any early cancer detection products or new cancer therapy selection products on a timely basis, or at all. A product candidate that appears promising in the early phases of development may fail to reach the market for a number of reasons. For example:

- our product candidates may fail to demonstrate clinical utility, or the development process may produce negative or inconclusive results, and we may decide, or regulators may require us to conduct additional clinical trials or we may decide to abandon our development programs;
- our employees, or third-party clinical investigators, medical institutions and contract research organizations, may fail to comply with their contractual duties or obligations or meet expected deadlines, and if the quality, completeness or accuracy of the clinical data they obtain are compromised due to any failure to adhere to our clinical protocols or for other reasons, our clinical trials may have to be extended, delayed or terminated;
- we may fail to obtain approvals for our product candidates from relevant regulatory authorities; and
- failure to generate additional data and insights from our existing products to advance the research and development of new products as quickly, or at all.

In addition, our competitors may develop and commercialize competing products faster than we are able to, in which case our results of operations could be adversely affected.

If we fail to keep up with industry and technology developments in a timely and cost-effective manner, we may be unable to compete effectively and our business and prospects could suffer.

China's NGS-based cancer therapy selection market is characterized by rapid changes, including technological and scientific breakthroughs, increasing amounts of data, frequent introductions of new tests, constant emergence of alternative diagnostic methods, and evolving industry standards. If we are not able to keep pace with these advances and increased customer expectations as a result of these advances and capture new market opportunities that develop as a result of these advances, our proprietary technologies could be rendered obsolete, our existing products and services and products and services we are developing could be rendered less clinically effective, and our future operations and prospects could suffer. To remain competitive, we must continuously upgrade our existing products and services and launch new products and services and further optimize our cancer genomic data ecosystem, to keep pace with these developments. We cannot assure you that these efforts will be successful.

In addition, we must expend significant resources in order to continuously upgrade our existing products and services or launch new ones to keep pace with industry and technological advances. We may never realize a return on investment on these efforts, especially if the improved or new products and services fail to perform as expected, in which case our business, financial condition and results of operations could be adversely affected.

If our products or services do not perform as expected, our operating results, reputation and business could suffer.

Our success depends on the market confidence that we can provide reliable, high-quality cancer therapy selection products and services that will provide physicians with real-time clinically actionable diagnostic information. However, there is no assurance that our products and services will perform as expected at all times. Our tests may fail to accurately detect gene variants or incompletely or incorrectly identify the significance of genomic alterations, or contain other errors or mistakes due to a variety of reasons (such as malfunction of our laboratory equipment and degraded liquid biopsy or tissue samples provided by our delivery service providers), which may result in negative perception of our tests. In addition, inaccurate results or misunderstandings of, or inappropriate reliance on, the diagnostic information our tests provide could lead to, or be associated with, side effects or adverse events in patients who use our tests, including treatment-related death, and could lead to termination of our services or claims against us.

If we were to be sued for product liability or professional liability, we could face substantial liabilities that exceed our resources.

We could face product liability claims should someone allege that our products or services identified inaccurate or incomplete information regarding the genomic alteration of the tumor or malignancy analyzed, reported inaccurate or incomplete information concerning the available therapies for a certain type of cancer or otherwise failed to perform as designed. A claimant could allege that our test results caused unnecessary treatment or other costs or resulted in the patient missing the best opportunity or timing for treatment. A patient could also allege other mental or physical injury or that our tests provided inaccurate or misleading information concerning the diagnosis, prognosis or recurrence of, or available therapies for, his or her cancer. We may also be subject to liability for errors in, a misunderstanding of or inappropriate reliance upon, the diagnostic information our tests provided. The tense physician-patient relationship in China could also expose us to an increased risk of potential liability claims. A product liability or professional liability claim could result in substantial damages and be costly and time-consuming for us to defend and could divert our management's attention.

Similar to other Chinese companies, we do not carry product liability or professional liability insurance. As the insurance industry in China is at a relatively preliminary stage of development compared to more developed

markets such as the United States, insurance companies in China generally offer a limited selection of product liability and professional liability insurance policies and it is often difficult to secure suitable product liability and professional liability insurance coverage at reasonable rates in China. Any product liability or professional liability claim brought against us, with or without merit, could increase our insurance rates or prevent us from securing insurance coverage. Additionally, any product liability or professional liability lawsuit could damage our reputation, or cause our business partners to terminate existing agreements with us and seek other business partners, or cause us to lose our current or potential customers. Any of these developments could adversely impact our results of operations and business prospects.

If we cannot maintain or develop relationships with hospitals and physicians, our results of operations and prospects could be adversely affected.

We collaborate with hospitals and physicians across China in many aspects of our business, and our success in part depends on our ability to maintain our relationships with our existing partner hospitals and physicians and continue to build new relationships with additional hospitals and physicians.

Central laboratory collaboration. Currently, we primarily collaborate with hospitals and physicians under the central laboratory model, where the cancer patients' treating physicians order our tests for the patients during the diagnostic process, have the patients' liquid biopsy or tissue samples shipped to our laboratories for testing and then design treatment plans based on our test results. As of March 31, 2020, 4,162 physicians from 602 hospitals across China had ordered our tests. To generate demand, we will need to continue to educate physicians at an increasing number of hospitals on the clinical utility, benefits and value of our tests through clinical trials, published papers, presentations at scientific conferences and one-on-one education by our in-house sales force. We may need to hire additional sales and marketing, research and development and other personnel to support this process. If the physicians currently using our tests services stop ordering our tests or order fewer tests from us for any reason, or if we fail to convince physicians at new hospitals to order our tests, we will likely be unable to generate demand for our tests in sufficient volume for us to achieve profitability.

In-hospital collaboration. We are also actively expanding our collaboration with hospitals under the in-hospital model. Under this model, we partner with hospitals to establish in-hospital laboratories so that the partner hospitals can conduct cancer therapy selection tests on their own using our reagent kits. As of the date of this prospectus, we have partnered with 44 hospitals under the in-hospital model. Any deterioration or termination of our relationships with these partner hospitals could result in temporary or permanent loss of our revenue.

In addition, we will need to continue to advocate the clinical utility, benefits and value of our tests in order to enter into collaboration with additional hospitals under the in-hospital model. Even if we have convinced the new hospitals to partner with us, establishing in-hospital laboratories with hospitals in China involves a lengthy and costly process, including going through tender procedures, the outcome of which is subject to uncertainties, and complying with the respective hospitals' operating protocols. If we fail to enter into collaboration with additional hospitals under the in-hospital model in a timely and cost-effective manner, or if due to regulatory change or any other reasons, our current partner hospitals terminate their current collaborations with us, our business and prospects could be adversely affected.

Clinical collaboration. We have obtained the NMPA approval for one of our NGS reagent kits and in the future we may from time to time seek the NMPA approval for additional products. The NMPA approval involves, among other things, successful completion of clinical trials for these products. We may rely on our partner hospitals to obtain sufficient data and samples to cost-effectively and timely perform these clinical trials. If we fail to establish or maintain clinical collaboration with our partner hospitals, our business and results of operations may be harmed.

We require substantial funding for our operations. If we cannot raise sufficient additional capital on acceptable terms, our business, financial condition and prospects may be adversely affected.

We require substantial capital to fund our existing operations, commercialize new products, expand our business and pursue strategic investments. In particular, we require substantial capital to:

- advance our early cancer detection technologies and develop early cancer detection product candidates;
- increase our sales and marketing efforts to drive market adoption of our products and services and address competitive developments;
- seek regulatory and marketing approvals for our tests;
- maintain, expand and protect our intellectual property portfolio;
- hire and retain additional personnel, such as scientists and sales and marketing personnel;
- develop, acquire and improve operational, financial and management information systems;
- add equipment and physical infrastructure to support our research and development programs;
- finance general and administrative expenses; and
- operate as a public company.

Based on our current business plan, we believe our current cash, cash equivalents and anticipated cash flow from operations will be sufficient to meet our anticipated cash requirements over at least the next 12 months from the date of this prospectus. If our available cash balances, net proceeds from this offering and the concurrent private placement and anticipated cash flow from operations are insufficient to satisfy our liquidity requirements, in particular, for the development and commercialization of our products, we may seek to obtain further funding through public or private equity offerings, debt financings or other sources.

Further financing may not be available to us on acceptable terms, or at all. If we fail to raise capital as and when needed it would have a negative impact on our financial condition and our ability to pursue our business strategy. In addition, if we raise funds by issuing debt securities or incurring additional borrowings, the terms of debt securities issued or borrowings could impose significant restrictions on our operations, and we may be unable to repay the indebtedness when due. If we raise funds by issuing equity securities, your investment in our company could be diluted.

We depend on third-party suppliers and service providers for different aspects of our business. If these suppliers and service providers can no longer provide satisfactory products or services to us on commercially reasonable terms, our business and results of operations could be adversely affected.

We depend on third parties for different aspects of our business, such as supplying sequencers, reagents and other laboratory equipment and materials, and collecting and delivering samples for our cancer therapy selection tests. Selecting, managing and supervising these third-party suppliers and service providers requires significant resources and expertise. Poor performance by these third parties, including their failure to provide services or products according to applicable legal and regulatory requirements, the terms of our contracts or otherwise below standard, could significantly and negatively affect the quality of our cancer therapy selection tests and damage our reputation. For example, we rely on third-party delivery service providers to transport liquid biopsy and tissue samples to our laboratory. Disruptions in such delivery services, whether due to labor disruptions, bad weather, natural disaster, terrorist acts or threats or for other reasons could adversely affect specimen integrity and our ability to process samples and conduct tests in a timely manner and to service our customers satisfactorily, and ultimately our reputation and our business. In addition, if we are unable to continue to obtain expedited delivery services on commercially reasonable terms, our operating results may be adversely affected.

In addition, the service or cooperative agreements we have with third-party suppliers and service providers are generally not on an exclusive basis. If these third parties do not continue to maintain or expand their

cooperation with us, we would be required to seek new substitutes for these third-party material or service providers, which could disrupt our operations and adversely affect our results of operations.

If we cannot maintain or develop relationships with our research partners, the market adoption and endorsement of our products and services could suffer, which could in turn reduce our revenue prospects.

Currently, we have wide academic collaborations with oncology key opinion leaders, who conducted clinical trials and research studies on cancer targeted therapies and immunotherapies using our products. We believe our relationships with oncology key opinion leaders, as well as the resulting peer-to-peer interaction they generated, have been instrumental in raising the awareness of our technology platform, endorsing the high quality of our cancer therapy selection capabilities and driving adoption of our products. In addition, we collaborate with pharmaceutical companies who employ cancer therapy selection using our products and services to help develop new drugs for targeted therapies and immunotherapies on various types of cancers. We believe their rigorous standards for the consistency and accuracy of cancer therapy selection results provide validation and endorsement for our technology platform and our products.

Our future success depends in part on our ability to maintain these relationships and to establish new relationships. Many factors have the potential to impact such collaborations, with both key opinion leaders and pharmaceutical companies, including the type of biomarker support required and our ability to deliver it, pharmaceutical companies' satisfaction with our products or services, and our ability to pass the periodic or random inspections of our pharmaceutical company partners, and other factors that may be beyond our control. Furthermore, our research partners may decide to decrease or discontinue their use of our products and services due to changes in their research focus; pharmaceutical companies may decide to cease or change their new drugs development plans due to various reasons, such as failures in their clinical trials, financial constraints, or utilization of internal testing resources or tests performed by other parties, or other circumstances outside of our control. We cannot assure you that such existing relationships will continue, or if we establish new relationships with other key opinion leaders and pharmaceutical companies, the resulting relationship will be successful or that academic research and clinical studies conducted as part of the collaborations will produce successful outcomes.

We rely on a limited number of suppliers for some of our laboratory equipment and supplies and may not be able to find replacements or immediately transition to alternative suppliers.

We source sequencers, reagents and certain other laboratory supplies used in our laboratory operations from a limited number of suppliers. Our suppliers are typically trading companies that procure laboratory supplies from a variety of manufacturers. Our laboratory operations may be interrupted if we encounter delays or difficulties in securing these supplies, or if we become unable to procure supplies from any of these suppliers due to their lack of required licenses, permits or certifications. If we cannot timely obtain an acceptable substitute, our business, financial condition, results of operations and reputation could be adversely affected.

We believe that there are a number of replacement suppliers that are capable of supplying all of the sequencers, reagents and other laboratory supplies necessary for our laboratory operations. However, the use of laboratory equipment and supplies furnished by any replacement suppliers may require us to alter our laboratory operations. Transitioning to a new supplier may be time consuming and expensive, result in interruptions in our laboratory operations or require that we revalidate our cancer therapy selection test products and services. There can be no assurance that we will be able to bring the equipment and supplies supplied by these replacement suppliers online and revalidate them without experiencing interruptions in our workflow. In addition, there can be no assurance that replacement suppliers will meet our quality control and performance requirements. If we encounter delays or difficulties in securing, reconfiguring or revalidating the laboratory equipment and supplies we require for our laboratory operations, our business, financial condition, results of operations and reputation could be adversely affected.

If we are unable to support the demand for our current or future products and services, including ensuring that we have adequate capacity to meet increased demand, our business could suffer.

Since our inception, we have experienced rapid growth, and we anticipate further growth in our business operations. Our growth could strain our organizational, administrative and operational infrastructure. As the sales volume of our cancer therapy selection products and services grows, we will face increased demands on our capacity and efficiency for sample intake, testing results analysis and other laboratory operations, quality control, customer service, and general workflow management processes.

To maintain the quality and expected turnaround time of our tests and effectively meet increased demand, we must continue to improve our operational, financial and management controls and hire, train and manage additional qualified scientists, laboratory personnel and sales and marketing personnel. Failure to do so could adversely affect our business, financial condition and results of operations. For example, if we encounter difficulties in scaling our operations as a result of quality control and quality assurance issues, we will likely experience reduced sales of our cancer therapy selection tests, increased repair or re-engineering costs and increased expenses due to switching to alternate suppliers, any of which would adversely affect our results of operations.

We face risks related to natural disasters, health epidemics, civil and social disruption and other outbreaks, which could significantly disrupt our operations. In particular, the COVID-19 outbreak in China and worldwide has adversely affected, and may continue to adversely affect, our business, results of operations and financial condition.

We are vulnerable to social and natural catastrophic events that are beyond our control, such as natural disasters, health epidemics, and other catastrophes, which may materially and adversely affect our business. Since December 2019, a novel strain of coronavirus or COVID-19, has become widespread in China and around the world. In March 2020, the World Health Organization declared the COVID-19 a pandemic, given its threat beyond a public health emergency of international concern that the organization had declared in January 2020. In the past few months, China and many other countries have taken various restrictive measures to contain the virus' spread, such as quarantines, travel restrictions and home office policies. In response to this pandemic, hospitals and physicians across China focused their efforts on treating COVID-19 patients and prioritized resources toward containing the virus, resulting in many diagnostic procedures and cancer therapy selection testing being deferred. As a result, the demand for our products and services under both our central laboratory model and in-hospital model decreased, which adversely affected our business operations and financial performance in the first quarter of 2020. In the three months ended March 31, 2020, 4,680 patients took our tests, compared to 5,336 patients for the same period in 2019, and our reagent kit sales to partner hospitals also decreased year over year. Our revenues decreased by 35.5% from RMB104.5 million in the three months ended March 31, 2019 to RMB67.3 million (US$9.5 million) in the three months ended March 31, 2020, and our gross profit decreased by 42.7% from RMB78.1 million in the three months ended March 31, 2019 to RMB44.8 million (US$6.3 million) in the three months ended March 31, 2020.

While COVID-19 has begun to show signs of stabilizing in China and our business has started to recover, the potential downturn brought by and the duration of the COVID-19 outbreak is difficult to assess or predict and the full impact of the virus on our operations will depend on many factors beyond our control. Our business operations could be disrupted if any of our employees is suspected of contracting COVID-19, since our employees could be quarantined and/or our offices be shut down for disinfection. Our business operations may also be adversely affected if our suppliers, partner hospitals or other business partners continue to be affected by COVID-19. The extent to which the COVID-19 outbreak impacts our business, results of operations and financial condition remains uncertain, and we are closely monitoring its impact on us. Our business, results of operations, financial conditions and prospects could be materially adversely affected to the extent that COVID-19 harms the Chinese and global economy in general, and the trading price of our ADSs may be adversely affected. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section.

If we cannot compete successfully with our competitors, we may be unable to increase or sustain our revenue or achieve and sustain profitability.

With the development of NGS and cancer genotyping, China's NGS-based cancer therapy selection market has become increasingly competitive, and we expect this competition to intensify further in the future. Our principal competition comes from other NGS-based cancer therapy selection companies in China. Some of our existing and potential future competitors may have longer operating histories, larger customer bases, more expansive brand recognition and deeper market penetration, substantially greater financial, technological and research and development resources and selling and marketing capabilities, and more favorable terms from suppliers. As a result, they may be able to respond more quickly to changes in customer requirements or preferences, develop faster, better and more expansive advancements for their technologies and tests, create and implement more successful strategies for the promotion and sale of their tests, adopt more aggressive pricing policies for their tests, secure supplies from vendors on more favorable terms or devote substantially more resources to infrastructure and system development. In addition, competitors may be acquired by, receive investments from or enter into other commercial relationships with larger, well-established and well-financed companies as the use of cancer therapy selection increases. In addition, if we expand into international markets in the future, we could face competition from NGS-based cancer therapy selection companies in these markets.

If we are unable to compete successfully with current and future competitors for these or any other reasons, we may be unable to increase market acceptance and sales volume of our tests, which could prevent us from maintaining or increasing our revenue levels or achieving or sustaining profitability or could otherwise negatively affect our performance.

Failure to manage our growth or execute our strategies effectively may adversely affect our business and prospects.

We have achieved rapid growth in the past few years. If we are not successful in managing our growth or executing our strategies effectively, our business, results of operations, financial condition and future growth may be adversely affected. For example, as part of our growth strategies, we plan to continue our research and development in early cancer detection, which is technically challenging. In addition, we will continue to implement the strategy to expand our collaboration with hospitals under the in-hospital model. As China is a large and diverse market, industry trends and clinical demands may vary significantly by regions. Our experience in collaborations with hospital partners in major cities under the in-hospital model may not be applicable in hospitals located in other cities. As a result, we may not be able to leverage our experience to expand into local or regional hospitals in other parts of China. Any failure to effectively manage our growth or execute our strategies, including our early cancer detection research and development and our collaboration with hospitals under the in-hospital model, could have an adverse impact on our business and prospects.

Our future success depends on our ability to promote our brand and protect our reputation. If we are unable to effectively promote our brand, our business may be adversely affected.

We believe that enhancing and maintaining awareness of our "Burning Rock" brand is critical to achieving widespread acceptance of our cancer therapy selection products, gaining trust for our testing services and attracting new customers. Successful promotion of our brand depends largely on the quality of the products and services we offer and the effectiveness of our branding and marketing efforts. Currently, we rely primarily on our own sales and marketing team to promote our brand and our cancer therapy selection products and testing services. We expect that our branding and marketing efforts will require us to incur significant expenses and devote substantial resources. We cannot guarantee that our sales and marketing efforts will be successful. Brand promotion activities may not lead to increased revenue in the near term, and, even if they do, any revenue increases may not offset the expenses we incur to promote our brand. Our failure to establish and promote our brand and any damage to our reputation will hinder our growth. In addition, our reputation may be undermined as a result of the negative publicity about our company or our industry in general. If cancer therapy selection

products or services provided by us or our competitors do not perform to customers' expectations, it may result in lower confidence in cancer therapy selection in general, which may in turn impair our operating results and our reputation.

Failure to attract and retain our senior management and other key employees could adversely affect our business.

Our future success is significantly dependent upon the continued service of our senior management, such as Mr. Yusheng Han, our chairman of the board of directors and chief executive officer. If we lose their services, we may not be able to locate suitable or qualified replacements, and we may incur additional expenses to recruit new senior management team members, which could severely disrupt our business and growth. In addition, if these personnel join our competitors or form a competing business, our business and prospects could be adversely affected.

Our research and development activities and laboratory operations depend upon our ability to attract and retain highly skilled scientists and technicians. We are also in strong need of sales and marketing personnel with the relevant technology background and industry expertise in order to effectively conduct our sales and marketing activities and increase our hospital network. We face intense competition for qualified individuals from numerous biotechnology and pharmaceutical companies, universities, governmental entities and other research institutions. We may be unable to attract and retain suitably qualified individuals, and our failure to do so could adversely affect our business.

If our central laboratory fails to comply with applicable laboratory licensing requirements, or become damaged or inoperable, our ability to perform tests may be jeopardized.

We currently derive a substantial majority of our revenue from tests performed at our central laboratory located in Guangzhou, Guangdong Province, China.

Currently, our central laboratory holds a clinical PCR testing laboratory certificate issued by Guangdong Branch of the NCCL, in August 2015, and an NGS laboratory certificate issued by Guangdong Branch of the NCCL in May 2018. These certificates are valid for five years and their renewal is conditioned upon additional inspection on a regular and irregular basis. If our central laboratory loses these certificates, whether as a result of revocation, suspension or limitation, we would no longer be able to perform our tests, which could have an adverse effect on our business, financial condition and results of operations. In addition, we have voluntarily obtained certification from the CLIA to perform laboratory examinations and procedures on human specimens and accreditation from the CAP for our central laboratory. As a condition of the CLIA certification and the CAP accreditation, our central laboratory is subject to survey and inspection every other year, in addition to being subject to additional random inspections. Loss of our CLIA certificate or CAP accreditation may have an adverse effect on our business and reputation.

In addition, our laboratory facilities and equipment could be harmed or rendered inoperable by natural or man-made disasters, including war, fire, earthquake, power loss, communications failure or terrorism, which may render it difficult or impossible for us to perform tests for some period of time. We do not carry any insurance for damage to our property and the disruption of our business. Damages to, or interruptions in the operations of, our laboratory and other facilities could have an adverse impact on our results of operations and financial condition.

Furthermore, our laboratory facilities and equipment could be unavailable or costly and time-consuming to repair or replace. It would be difficult, time-consuming and expensive to rebuild our laboratory facilities, to locate and qualify a new facility or license or transfer our proprietary technology to a third-party to conduct our tests at their facilities, particularly in light of licensure and accreditation requirements. Even in the unlikely event we are able to find a third party with such qualifications to enable us to conduct our tests, we may be unable to negotiate commercially reasonable terms.

We depend on our information technology systems, and any failure of these systems could harm our business.

We depend on information technology systems for significant elements of our operations. We have also installed a number of enterprise software systems that affect a broad range of business processes and functional areas, including for example, systems handling human resources, financial controls and reporting, contract management, regulatory compliance, and other infrastructure operations. These information technology systems support a variety of functions, including laboratory operations, test validation, sample tracking, quality control, customer service support, billing and reimbursement, research and development activities, scientific and medical curation, and general administrative activities.

Information technology systems are vulnerable to damage from a variety of sources, including telecommunications or network failures, malicious human acts and natural disasters. Moreover, despite network security and back-up measures, some of our servers are potentially vulnerable to physical or electronic break-ins, computer viruses, and similar disruptive problems. Despite the precautionary measures we have taken to prevent unanticipated problems that could affect our information technology and telecommunications systems, failures or significant downtime of our information technology or telecommunications systems or those used by third-party service providers could prevent us from conducting our daily operations. Any disruption or loss of information technology systems on which critical aspects of our operations depend could have an adverse effect on our business.

Security threats to our information technology infrastructure and unauthorized use of data by third parties could expose us to liability or damage our reputation and business.

Our information technology systems store and process a variety of sensitive data, including our proprietary business information, as well as patients' personal data such as health information and personally identifiable information.

It is essential that our information technology infrastructure remains secure and is perceived by hospitals, patients and our research partners to be secure. Despite our security measures, we may face cyber-attacks that attempt to penetrate our network security, sabotage or otherwise disable our research, tests and services, misappropriate our proprietary business information or cause interruptions of our internal systems and services. Any cyber-attacks could negatively affect our reputation, damage our network infrastructure and our ability to deploy our products and services, harm our relationship with customers and research partners, and expose us to significant financial liabilities.

Moreover, we may not be able to prevent third parties from illegally obtaining and misappropriating personal data of the tested patients that we collect. Concerns about data leakage or unauthorized use of data by third parties, even if unfounded, could damage our reputation and negatively affect our results of operations.

If we are unable to effectively protect our intellectual property, our business and competitive position would be harmed.

We rely on patents, software copyrights, trademarks, trade secrets and other intellectual property rights protection and contractual restrictions to protect our products, services and technologies. We have registered a number of patents and trademarks in China and have applied for additional patent registrations in China, Hong Kong, the U.S., the European Union and Japan. However, such protection is limited and may not adequately protect our rights. For example, some of the trademark applications for the labels we use in our products have been rejected by the Trademark Office of National Intellectual Property Administration for the reason that they have been preemptively registered by an independent third party. In December 2019, we filed a request for invalidation against these preemptively registered trademarks. However, we cannot assure you that relevant authorities will rule in favor of us with respect to such invalidation request. As advised by our trademark counsel, we believe that the risk of us being found to be infringing the registered trademarks of such third party is low.

However, we may still be subject to trademark infringement claims by such third party. We may be subject to fines and other legal or administrative sanctions and may be prohibited from using such trademarks if such claims are resolved against us, and it may also be costly to defend such claims. In addition, competitors could purchase our products and attempt to replicate and/or improve some or all of the competitive advantages we derive from our development efforts, willfully infringe our intellectual property rights, and design their devices and tests around our protected technologies or develop their own competitive technologies that fall outside of our intellectual property rights.

Monitoring unauthorized disclosure and uses of our trade secrets is difficult, and we do not know whether the steps we have taken to prevent such disclosure and uses are, or will be, adequate. If we resort to litigation to enforce or protect our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources, while the outcome would be unpredictable and any remedy may be inadequate. Our contractual agreements may be breached by our counterparties, and there may not be adequate remedies available to us for any such breach. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors, and we would have no right to prevent others from using them. Moreover, if a party having an agreement with us has an overlapping or conflicting obligation to a third party, our rights in and to certain intellectual property could be undermined.

If we fail to effectively protect our intellectual property, our competitive position and prospects could be adversely affected.

We may be subject to intellectual property infringement or misappropriation claims by third parties, which may force us to incur substantial legal expenses and, if determined adversely against us, could disrupt our business.

The validity, enforceability and scope of intellectual property rights protection in China are uncertain and still evolving. We cannot be certain that our products, tests and technologies do not or will not infringe patents, software copyrights, trademarks or other intellectual property rights held by third parties. From time to time, we may be subject to legal proceedings and claims alleging infringement of patents, trademarks or copyrights, or misappropriation of creative ideas or formats, or other infringement of proprietary intellectual property rights. Any such proceedings and claims could result in significant costs to us and divert the time and attention of our management and technical personnel from the operation of our business. These types of claims could also potentially adversely impact our reputation and our ability to conduct business and raise capital, even if we are ultimately absolved of all liability. Moreover, third parties making claims against us may be able to obtain injunctive relief against us, which could block our ability to offer one or more devices or tests and could result in a substantial award of damages against us. In addition, since we sometimes indemnify our customers or collaboration partners, we may have additional liability in connection with any infringement or alleged infringement of third party intellectual property. Intellectual property litigation can be very expensive, and we may not have the financial means to defend ourselves or our customers or collaboration partners.

Because patent applications can take many years to issue, there may be pending applications, some of which are unknown to us, that may result in issued patents upon which our products, tests or proprietary technologies may infringe. Moreover, we may fail to identify issued patents of relevance or incorrectly conclude that an issued patent is invalid or not infringed by our technology or any of our devices or tests. There is a substantial amount of litigation involving patents and other intellectual property rights in our industry. If a third-party claims that we infringe upon a third-party's intellectual property rights, we may have to:

- seek to obtain licenses that may not be available on commercially reasonable terms, if at all;
- abandon any product alleged or held to infringe, or redesign our products or processes to avoid potential assertion of infringement;
- pay substantial damages including, in exceptional cases, treble damages and attorneys' fees, if a court decides that the device, test or proprietary technology at issue infringes upon or violates the third-party's rights;

- pay substantial royalties or fees or grant cross-licenses to our technology; and
- defend litigation or administrative proceedings that may be costly whether we win or lose, and which could result in a substantial diversion of our financial and management resources.

Ethical, legal and social concerns related to the use of genomic information could reduce demand for our cancer therapy selection testing products and services.

Cancer therapy selection, especially cancer genotyping, has raised ethical, legal and social issues regarding privacy and the appropriate uses of the resulting information. Government authorities could, for social or other purposes, limit or regulate the use of genomic information or prohibit testing for genomic predisposition to certain conditions, particularly for those that have no known cure. Similarly, these concerns may cause patients to refuse to use, or physicians to be reluctant to order, cancer therapy selection tests such as ours, even if permissible. These and other ethical, legal and social concerns may limit market acceptance and adoption of our tests or reduce the potential markets for our tests, any of which could have an adverse effect on our business, financial condition and results of operations.

If we fail to implement or maintain an effective system of internal controls over financial reporting to remediate our material weaknesses, we may be unable to accurately report our results of operations, meet our reporting obligations or prevent fraud.

Prior to this offering, we were a private company with limited accounting personnel and other resources with which to address our internal controls and procedures. In connection with the audits of our consolidated financial statements as of December 31, 2019 and 2018 and for each of the three years in the period 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 identified relate to (i) the lack of sufficient accounting and financial reporting personnel with requisite knowledge and experience in application of U.S. GAAP and SEC rules, and (ii) the lack of financial reporting policies and procedures that are commensurate with U.S. GAAP and SEC reporting 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.

Furthermore, it is possible that, had our independent registered public accounting firm conducted an audit of our internal control over financial reporting, such accountant might have identified additional material weaknesses and deficiencies. Upon completion of this offering, we will become subject to the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act, or 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 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.

Past and future grants of share-based awards may have an adverse effect on our financial condition and results of operations and have dilutive impact to your investment.

We adopted a share incentive plan in May 2020, which we refer to as the 2020 Plan in this prospectus, to grant share-based compensation awards to employees, directors and consultants to incentivize their performance and align their interests with ours. The maximum aggregate number of ordinary shares we are authorized to issue pursuant to all awards under the 2020 Plan is 4,512,276 ordinary shares. We have also separately issued options to our directors, officers and employees outside of the 2020 Plan. As of the date of this prospectus, options to purchase 2,442,209 ordinary shares have been granted and outstanding. See “Management—Share Incentive Awards.”

We believe the granting of share-based awards is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based compensation to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our financial condition and results of operations.

We may be subject to litigation and other claims and legal proceedings, and may not always be successful in defending ourselves against these claims or proceedings.

We may be subject to lawsuits and other claims in the ordinary course of our business. We may from time to time be subject to lawsuits and other legal proceedings brought by our customers, competitors, employees, business partners, investors, other shareholders of the companies we invest, or other entities against us in the ordinary course of our business. We may also be subject to regulatory proceedings in the ordinary course of our business. We may not be successful in defending ourselves, and the outcomes of these lawsuits and proceedings may be unfavorable to us. Lawsuits and regulatory proceedings against us may also generate negative publicity that significantly harms our reputation, which may adversely affect our customer base, market position and our relationships with our research partners and other business partners. In addition to the related costs, managing and defending litigation and other legal proceedings and related indemnity obligations can significantly divert our management’s attention from operating our business. We may also need to pay damages or settle lawsuits or other claims with a substantial amount of cash, negatively affecting our liquidity. As a result, our business, financial condition and results of operations could be adversely affected.

Risks Relating to Government Regulations

We are subject to extensive legal and regulatory requirements in China for our cancer therapy selection products and services. Any lack of requisite certificates, licenses or permits applicable to our business may have an adverse impact on our business, financial condition and results of operations.

We are engaged in the purchase, manufacturing, sale and usage of certain imported laboratory equipment, NGS-based cancer therapy selection products and related software. The laws and regulations regulating NGS-based cancer therapy selection products are still in a preliminary stage of development in China. In accordance with current PRC laws and regulations, certain of these equipment, products and software are regulated as medical devices and are required to obtain and maintain various certificates, licenses and permits, including but not limited to medical device record-filing certificates, medical device manufacturing licenses, medical device registration certificates and medical device operation licenses.

Although we obtained China's first medical device registration certificate for NGS-based cancer therapy selection, as of the date of this prospectus, certain of these equipment, products and software have not obtained the required certificates, licenses or permits. In China, very few NGS-based cancer therapy selection products have obtained medical device registration certificates issued by the competent Chinese governmental authorities. It is uncertain whether we can obtain all medical device registration certificates for our NGS-based cancer therapy selection products and how long it will take to obtain such registration certificates.

As of the date of this prospectus, we have not been subject to any penalties from the relevant authorities for the purchase, manufacture, sale and usage of these equipment, products and software. As advised by our PRC counsel, Shihui Partners, the risk of penalties imposed by the competent authorities is relatively low. However, we cannot assure you that the competent governmental authorities will not take different views or interpretations from us or our PRC counsel, or enact new detailed or more restrictive rules and regulations. Failure to comply with laws or regulations may subject us to penalties, including fines, confiscation of these equipment, products and software and suspension of business, and our business and results of operations could be adversely affected.

We are subject to ongoing obligations and continued regulatory review. There could be a subsequent discovery of previously unknown problems with our cancer therapy selection products and services. Any government investigation of alleged violations of law could require us to expend significant time and resources and could result in adverse government actions and negative publicity.

Substantial uncertainties exist with respect to the interpretation and implementation of the newly enacted Regulations on Human Genetic Resources Management.

The Regulation on Human Genetic Resources Management, or the Genetic Resources Regulation, was promulgated by the State Council on May 28, 2019 and became effective on July 1, 2019. It regulates the collection, preservation, usage and external provision of human genetic resources in the PRC, whereas activities of collection and preservation of organs, tissues and cells for purposes of clinical diagnosis and treatment, service of blood collection and provision, investigation of illegal activities, doping test and funeral service, are required to be conducted in accordance with other relevant laws and regulations separately. However, there remain significant uncertainties as to how various provisions of the Genetic Resources Regulation might be interpreted and implemented. Given these uncertainties, although our products used for clinical diagnostic purpose are currently not regulated by the Genetic Resources Regulation, we cannot assure you that our business activities will not at the same time be deemed to be the collection, preservation, usage and external provision of human genetic resources in the PRC and therefore be subject to the supervision of the Genetic Resources Regulation.

Pursuant to the Genetic Resources Regulation, foreign organizations, individuals and entities established or controlled by them, or Regulated Persons, are prohibited to collect or preserve China's human genetic resources or transport them abroad without prior approval from or filing with the competent governmental authorities. Due to the lack of detailed interpretations and implementations, it is not clear whether a VIE entity controlled by a

foreign entity through contractual agreements will be deemed as a Regulated Person under the Genetic Resources Regulation. Moreover, whether a foreign entity ultimately controlled by PRC citizens will be treated as a Regulated Person remains unclear. As of the date of this prospectus, as a company with a VIE structure since our operation, we have not received any notices or been subject to any penalties from the competent governmental authorities for the collection, preservation or use of China's human genetic resources. However, if the competent governmental authorities determine that we are subject to the Genetic Resources Regulation in the future, we may be subject to penalties, including fines, suspension of related activities and confiscation of related human genetic resources and gains generated from conducting these activities, and our business, financial conditions and results of operations could be adversely affected.

The evolving government regulations may place additional burdens on our efforts to commercialize our products and services.

The PRC government has introduced various reforms to the Chinese healthcare system in recent years and may continue to do so, with an overall objective of expanding basic medical insurance coverage and improve the quality and reliability of healthcare services. The specific regulatory changes under the reforms still remain uncertain. The implementing measures to be issued may not be sufficiently effective to achieve the stated goals, and as a result, we may not be able to benefit from these reforms to the level we expect, if at all. Moreover, the reforms could give rise to regulatory developments, such as more burdensome administrative procedures, which may have an adverse effect on our business and prospects.

In addition, laws and regulations in China, including those regulating medical devices and supplies, are rapidly evolving. Changes in these areas could impose more stringent requirements on us and increase our compliance and other operating costs, and we may not be able to achieve or sustain profitability. Changes in government regulations could also prevent, limit or delay regulatory approvals in relation to our NGS-based cancer therapy selection products and services. Moreover, regulatory authorities may conduct periodic or unannounced inspections on pharmaceutical and medical device companies to check if these companies' manufacturing, quality control and procurement, among others, are in compliance with relevant laws and regulations. If we are not able to maintain regulatory compliance or pass regulatory inspections, any regulatory approval that has been obtained may be revoked, and we may be required to recall our current or future products, or even to partially suspend or totally shut down our production. In addition, regulatory changes may relax certain requirements that could benefit our competitors or lower market entry barriers and increase competition. Further, regulatory agencies in China may periodically, and sometimes abruptly, change their enforcement practices. Any litigation or governmental investigation or enforcement proceedings against us in China may be protracted and may result in substantial costs and diversion of resources and management attention, negative publicity, damage to our reputation and decline in the price of our ADSs.

Furthermore, China's regulatory framework governing genetic testing is also in the preliminary stage and rapidly evolving. The evolution of government regulations and their interpretation and enforcement involve significant uncertainties, which may place additional burdens on us or even render it impossible for us to comply with certain regulations. For example, in February 2014, two government agencies jointly published an announcement regarding the clinical application of genetic tests, or Circular 25, which halted the provision of genetic tests unless the clinical laboratory of genetic testing is included in a designated pilot program. Pursuant to Circular 25, in March 2014, the PRC government launched the pilot program that granted permits to NGS laboratories. This pilot program, to our knowledge, has been discontinued. Since no implementing rules for Circular 25 have been promulgated as of the date of this prospectus, the provision of genetic testing by biotechnology companies, including us, which were not included in such pilot program, may be deemed by the competent governmental authorities to have violated Circular 25. As advised by our PRC counsel, we believe that the risk of us being found in violation of Circular 25 by providing genetics tests is low given that (i) our central laboratory has obtained the clinical PCR testing laboratory certificate, and we are one of the first biotechnology companies in China that have obtained the NGS laboratory certificate, both issued by the NCCL, according to Administrative Regulations for Clinical Gene Amplification Laboratory of Medical Institutions, and

(ii) as of the date of this prospectus, the relevant governmental authorities have not imposed any penalties on us, or to our knowledge, on other peer companies conducting genetic testing, for any violation of Circular 25. However, we cannot assure you that the governmental authorities will take the same view with us or our PRC counsel. If the governmental authorities determine that we have violated Circular 25, our business of provision of genetic tests may be halted, which may adversely affect our business and prospects.

We may be exposed to liabilities under various anti-corruption laws and regulations. Any determination that we or our employees have violated these laws and regulations could have an adverse effect on our business or our reputation.

We operate in the healthcare industry in China and are subject to Chinese anti-corruption laws and regulations, which generally prohibit companies and intermediaries from engaging in any bribery, corruption and fraudulent activities, including, among other things, improper payments or other form of bribes to hospitals and physicians in connection with the procurement of products. If we, due to either our own deliberate or inadvertent acts or those of others, fail to comply with applicable anti-corruption laws, our reputation could be harmed and we could incur criminal or civil penalties, other sanctions and/or significant expenses, which could have an adverse effect on our business, including our financial condition, results of operations, cash flows and prospects.

In addition, our procedures and controls to monitor anti-bribery compliance may fail to protect us from reckless or criminal acts committed by our employees. We could be liable for actions taken by our employees, including any violations of applicable law in connection with the marketing or sale of our products and services, including China's anti-corruption laws and the Foreign Corrupt Practices Act of the U.S., or the FCPA. In particular, if our employees make any payments that are forbidden under the FCPA, we could be subject to civil and criminal penalties imposed by the U.S. government.

Any change in the regulations governing the use of personal data in China, which are still under development, could adversely affect our business and reputation.

As a cancer therapy selection service provider, we have access to our tested individuals' personal data, including their age, gender, disease status and medical records. We use these personal data internally to expand our database and improve the clinical utility of our analytics and reporting system. Chinese regulations governing the collection and use of personal data are still under development. Although we believe that there is currently no PRC legal restriction on our internal use of such data, such as the disease and treatment data in our LAVA system, which we obtained from patients and treating physicians with their prior informed consent, any change in the regulatory regime in this regard could potentially subject us to more stringent data privacy regulations and affect our ability with regard to the collection and use of these personal data, which in turn could have an adverse effect on our business, financial condition and results of operations. In the future, we plan to expand our business internationally and will be subject to relevant regulatory regimes related to data privacy in those countries, which may be subject us to heightened standards of data protection.

Risks Relating to Our Corporate Structure

If the PRC government finds that the agreements that establish the structure for operating our businesses in China do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

In accordance with the Special Administrative Measures for Access of Foreign Investment (Negative List) promulgated in June 2019 and effective in July 2019, or the 2019 Negative List, foreign investors are prohibited from investing in businesses related to the research, development, and application of genomic diagnosis and treatment technology.

We are an exempted company limited by shares incorporated under the laws of the Cayman Islands, and Beijing Burning Rock Biotech Limited, our wholly owned subsidiary, or WFOE, is considered a foreign-invested

enterprise. To comply with PRC laws and regulations, we conduct substantially all of our business in the PRC through Burning Rock (Beijing) Biotechnology Co., Ltd., our VIE, and its subsidiaries, based on contractual arrangements entered into among WFOE, the VIE and its shareholders.

We believe that our corporate structure and contractual arrangements enable us to: (i) be the exclusive provider of business support, technical and consulting services in exchange for a fee; (ii) receive substantially all of the economic benefits and bear the obligation to absorb substantially all of the losses of our VIE; (iii) have an irrevocable and exclusive right to purchase, or to designate one or more persons to purchase, from the registered shareholders all or any part of their equity interests in our VIE at any time and from time to time in our absolute discretion to the extent permitted by PRC laws; (iv) have an irrevocable and exclusive right to purchase, or to designate one or more persons to purchase, from our VIE all or any part of its assets at any time and from time to time in our absolute discretion to the extent permitted by PRC laws; (v) appoint us, any person authorized by us (except the shareholders of our VIE), as exclusive agent and attorney to act on behalf of the shareholders of our VIE on all matters concerning our VIE and to exercise all their rights as a registered shareholder of our VIE in accordance with PRC laws and the articles of our VIE; and (vi) pledge as first-ranking charge all of the equity interests in our VIE to us as collateral security for any and all of the guaranteed debt under the contractual arrangements and to secure performance of the obligations under the contractual arrangements. The contractual arrangements allow the results of operations and assets and liabilities of our VIE and its subsidiaries to be consolidated into our results of operations and assets and liabilities under U.S. GAAP as if they were subsidiaries of our Group.

Our PRC counsel, Shihui Partners, is of the opinion that (i) the ownership structure of WFOE and our VIE does not violate applicable PRC laws and regulations currently in effect, and (ii) the contractual arrangements are valid, binding and enforceable in accordance with the applicable PRC laws or regulations currently in effect. However, there can be no assurance that the PRC government authorities will take a view that is not contrary to or otherwise different from the opinion of our PRC counsel stated above. There is also the possibility that the PRC government authorities may adopt new laws, regulations and interpretations that may invalidate the contractual arrangements. If the PRC government determines that we are in violation of PRC laws or regulations or lack the necessary permits or licenses to operate our business, the relevant PRC regulatory authorities, including the PRC National Health Commission, or the NHC, would have broad discretion in dealing with such violations or failures, including, but not limited to:

- revoking our business and operating licenses;
- discontinuing or restricting our operations;
- imposing fines or confiscating any of our income that they deem to have been obtained through illegal operations;
- imposing conditions or requirements with which we or WFOE and our VIE may not be able to comply;
- requiring us, WFOE and our VIE to restructure the relevant ownership structure or operations;
- restricting or prohibiting our use of the proceeds from this offering and the concurrent private placement or other of our financing activities to finance the business and operations of our VIE and its subsidiaries; or
- taking other regulatory or enforcement actions that could be harmful to our business.

Any of these actions could cause significant disruption to our business operations, and may adversely affect our business, financial condition and results of operations. In addition, if the PRC governmental authorities find our legal structure and contractual arrangements to be in violation of PRC laws and regulations, it is unclear what impact these actions would have on us and on our ability to consolidate the financial results of our VIE and its subsidiaries in our consolidated financial statements. If any penalty results in our inability to direct the activities of our VIE and its subsidiaries and such a penalty significantly impacts their economic performance and/or our ability to receive economic benefits from our VIE and its subsidiaries, we may not be able to consolidate our VIE and its subsidiaries into our consolidated financial statements in accordance with U.S. GAAP.

Our contractual arrangements with our VIE and its shareholders may not be as effective in providing operational control or enabling us to derive economic benefits as a direct ownership of a controlling equity interest would be.

We have relied and expect to continue to rely on contractual arrangements with our VIE, its shareholders and subsidiaries to operate our business activities. These contractual arrangements may not be as effective as direct ownership in providing us with control over our VIE and its subsidiaries. For example, our VIE, its subsidiaries or shareholders may fail to fulfill their contractual obligations with us or take other actions that are detrimental to our interests.

If we had direct ownership of our VIE, we would be able to exercise our rights as shareholders to effect changes in their board of directors, which in turn could implement changes, subject to any applicable fiduciary obligations, at the management and operational level. However, under the current contractual arrangements, we rely on the performance by our VIE, its subsidiaries and shareholders of their obligations under the contractual arrangements to exercise control over our VIE and its subsidiaries. The shareholders of our VIE may not act in the best interests of our company or may not perform their obligations under these contracts. These risks exist throughout the period in which we intend to operate our business through the contractual arrangements with our VIE, its subsidiaries and shareholders. If any of these shareholders is uncooperative or any dispute relating to these contracts remains unresolved, we will have to enforce our rights under these contracts through the operations of PRC laws and arbitration, litigation and other legal proceedings, the outcome of which will be subject to uncertainties in the PRC legal system. If we are unable to enforce the contractual arrangements or we experience significant delays or other obstacles in the process of enforcing the contractual arrangements, we may not be able to exert effective control over the VIE and may lose control over its assets. Therefore, our contractual arrangements with our VIE, its subsidiaries and shareholders may not be as effective in ensuring our control over the relevant portion of our business operations as direct ownership would be.

We may lose the ability to use and enjoy assets held by our VIE that are critical to the operation of our business if our VIE declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.

Our VIE holds certain assets that are critical to the operation of our business. Under the contractual arrangements entered into by WFOE, our VIE and its shareholders, our VIE may not and its shareholders may not cause it to, sell, transfer, pledge or dispose of in any other manner the legal or beneficial interest in the VIE. They also may not allow any encumbrance of security interest over such equity interest, except for the equity interest pledge agreement in the contractual arrangements, without WFOE's prior written consent. However, if the shareholders of our VIE or its subsidiaries breach the contractual arrangements and voluntarily liquidate the VIE or its subsidiaries, or if our VIE or its subsidiaries declares bankruptcy and all or part of their assets become subject to liens or rights of third-party creditors or are otherwise disposed of without our consent, we may be unable to continue some or all of our business activities, which could adversely affect our business, financial condition and results of operations. In addition, if our VIE or its subsidiaries undergoes an involuntary liquidation proceeding, third-party creditors may claim rights to some or all of its or their assets, thereby hindering our ability to operate our business, which could adversely affect our business, financial condition and results of operations.

Any failure by our VIE, its subsidiaries or shareholders to perform their obligations under our contractual arrangements with them would have an adverse effect on our business.

Under the contractual arrangements entered into by WFOE, our VIE and its shareholders, these shareholders covenanted that they will not request our VIE to distribute profit or dividends, raise shareholders' resolution to make such a distribution or vote in favor of any such relevant shareholders' resolution without WFOE's prior written consent. If these shareholders receive any income, profit distribution or dividend, except as otherwise determined by us, they must promptly transfer or pay such income, profit distribution or dividend to us or any other person designated by us as service fees to the extent permitted under applicable PRC laws. If the

shareholders of our VIE breach the relevant covenants, we may need to resort to legal proceedings to enforce the terms of the contractual arrangements. Any such legal proceedings may be costly and may divert our management's time and attention away from the operation of our business, and the outcome of such legal proceedings is uncertain.

The ultimate beneficial shareholders of our VIE may have conflicts of interest with us, which may adversely affect our business.

The equity interests in our VIE are ultimately beneficially held by certain of our directors, indirect shareholders and employees of these indirect shareholders. However, these ultimate beneficial shareholders may have potential conflicts of interest with us. They may breach, or cause our VIE to breach, the contractual arrangements. We cannot assure you that when conflicts arise, the ultimate beneficial shareholders of our VIE will act in the best interests of our company or that conflicts will be resolved in our favor. If we cannot resolve any conflicts of interest or disputes between us and these shareholders, we would have to rely on legal proceedings, which could result in the disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

We conduct our business operations in the PRC through our VIE and its subsidiaries by way of our contractual arrangements, but certain of the terms of our contractual arrangements may not be enforceable under PRC laws.

All the agreements that constitute our contractual arrangements with our VIE, its subsidiaries and shareholders are governed by PRC laws and provide for the resolution of disputes through arbitration in the PRC. Accordingly, these agreements would be interpreted in accordance with PRC laws, and disputes would be resolved in accordance with PRC legal procedures. The legal environment in the PRC is not as developed as in other jurisdictions and uncertainties in the PRC legal system could limit our ability to enforce the contractual arrangements. If we are unable to enforce the contractual arrangements, or if we suffer significant time delays or other obstacles in the process of enforcing them, it would be very difficult to exert effective control over our VIE and its subsidiaries, and our ability to conduct our business and our financial condition and results of operations may be adversely affected.

The contractual arrangements provide that (i) in the event of a mandatory liquidation required by PRC laws, WFOE may act on behalf of the shareholders of our VIE to exercise all such rights associated with their equity interest; and (ii) in such event, where PRC laws permit, any distribution the shareholders of our VIE are entitled to receive, after deducting their initial capital contribution, will be transferred voluntarily to WFOE. Such provision may not be enforceable under PRC laws in the event of a mandatory liquidation required by PRC laws or bankruptcy liquidation.

Therefore, in the event of a breach of any agreements constituting the contractual arrangements by the VIE, its subsidiaries and/or shareholders, we may not be able to exert effective control over our VIE due to the inability to enforce the contractual arrangements, which could adversely affect our ability to conduct our business.

If we exercise the option to acquire the equity interest and assets of the VIE, this equity interest or asset transfer may subject us to certain limitations and substantial costs.

Pursuant to the contractual arrangements, WFOE or its designated person has the irrevocable and exclusive right to purchase all or any portion of the equity interests in our VIE from our VIE's shareholders at any time and from time to time in its absolute discretion to the extent permitted by PRC laws. The consideration WFOE pays for such purchases will be an amount equal to then registered capital of our VIE multiplied by the percentage of any equity interest to be purchased in proportion to the total equity interests of our VIE. But if applicable PRC law contains a compulsory requirement regarding transfer of the equity interest, the WFOE or any third party

designated is entitled to pay the lowest price permitted by the PRC law as the purchase price. In addition, under the contractual arrangements, WFOE or its designated party has the irrevocable and exclusive right, where permitted by PRC law, to purchase from our VIE all or any portion of its assets, and the purchase price will be the higher of (i) the net book value of the assets to be purchased and (ii) the lowest price permitted by applicable PRC law.

Such transfer of equity or assets may be subject to approvals from, or filings with, competent PRC authorities, such as the Ministry of Commerce, or MOFCOM, the State Administration for Market Regulation, or the SAMR, and/or their local competent branches. In addition, the equity transfer price may be subject to review and tax adjustment by the relevant tax authorities. The assets transfer price to be received by our VIE under the contractual arrangements may also be subject to enterprise income tax, and these amounts could be substantial.

Substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and how it may affect the viability of our current corporate structure, corporate governance and business operations.

On March 15, 2019, the Foreign Investment Law was formally passed by the thirteenth National People's Congress and it became effective on January 1, 2020. The Foreign Investment Law replaced the Law on Sino-Foreign Equity Joint Ventures, the Law on Sino-Foreign Cooperative Joint Ventures and the Law on Foreign-Capital Enterprises and became the legal foundation for foreign investment in the PRC. The Foreign Investment Law stipulates certain forms of foreign investment. However, the Foreign Investment Law does not explicitly stipulate contractual arrangements such as those we rely on as a form of foreign investment.

Notwithstanding the above, the Foreign Investment Law stipulates that foreign investment includes "foreign investors investing through any other methods under laws, administrative regulations or provisions prescribed by the State Council." Future laws, administrative regulations or provisions prescribed by the State Council may possibly regard contractual arrangements as a form of foreign investment. If this happens, it is uncertain whether our contractual arrangements with our VIE, its subsidiaries and shareholders would be recognized as foreign investment, or whether our contractual arrangements would be deemed to be in violation of the foreign investment access requirements. As well as the uncertainty on how our contractual arrangements will be handled, there is substantial uncertainty regarding the interpretation and the implementation of the Foreign Investment Law. The relevant government authorities have broad discretion in interpreting the law. Therefore, there is no guarantee that our contractual arrangements, the business of our VIE and our financial condition will not be adversely affected.

Depending on future developments under the new Foreign Investment Law, we could be required to unwind the contractual arrangements and/or dispose of our VIE, which would have an adverse effect on our business, financial conditions and result of operations. If our company no longer has a sustainable business after an unwinding or disposal or when such requirements are not complied with, the SEC, and/or NASDAQ Global Market may take enforcement actions against us, which may have an adverse effect on the trading of our Shares or even result in delisting our company.

There may be a potential adverse impact to our company if our contractual arrangements with our VIE, its subsidiaries and shareholders are not treated as domestic investment.

If the operation of our businesses conducted through our VIE is subject to any restrictions pursuant to the 2019 Negative List or any successor regulations, and the contractual arrangements are not treated as domestic investment, the contractual arrangements may be regarded as invalid and illegal. If this were to occur, we would not be able to operate the relevant businesses through the contractual arrangements and would lose our rights to receive the economic benefits of the VIE. As a result, we would no longer consolidate the financial results of the VIE into our financial results and we would have to derecognize their assets and liabilities according to the relevant accounting standards. If we do not receive any compensation, we would recognize an investment loss as a result of such derecognition.

Our contractual arrangements may be subject to scrutiny by the PRC tax authorities, and a finding that we owe additional taxes could adversely affect our results of operations and reduce the value of your investment.

Under PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities within ten years after the taxable year during which arrangements and transactions were concluded. The Enterprise Income Tax Law, or the EIT Law, requires every enterprise in China to submit its annual enterprise income tax return, together with a report on transactions with its related parties, to the relevant tax authorities. The tax authorities may impose reasonable adjustments on taxation if they have identified any related party transactions that are inconsistent with arm's-length principles. We may face adverse tax consequences if the PRC tax authorities determine that the contractual arrangements among our PRC subsidiaries and our VIE do not represent an arm's-length price and adjust our VIE's income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction, for PRC tax purposes, of expense deductions recorded by our VIE, which could in turn increase their tax liabilities. In addition, the PRC tax authorities may impose late payment fees and other penalties to our PRC controlled structured entities for under-paid taxes. Our results of operations may be adversely affected if our tax liabilities increase or if we are found to be subject to late payment fees or other penalties.

Risks Relating to Doing Business in the PRC

We are subject to many of the economic and political risks associated with emerging markets due to our operation in China. Adverse changes in the Chinese or global economic, political and social conditions as well as government policies could adversely affect our business and prospects.

The majority of our operations are in China, one of the world's largest emerging markets. In light of our operations in an emerging market, we may be subject to risks and uncertainties including fluctuation in GDP, unfavorable or unpredictable treatment in relation to tax matters, exchange controls, restrictions affecting our ability to make cross-border transfer of funds, regulatory proceedings, inflation, currency fluctuations or the absence of, or unexpected changes in, regulations and unforeseeable operational risks. In addition, our business, prospects, financial condition and results of operations may be significantly influenced by political, economic and social conditions in China generally and by continued economic growth in China.

The Chinese economy differs from the economies of most developed countries in many respects, including the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the PRC government has implemented measures that focus on taking into account market forces to effect economic reform and aimed at reducing the state ownership of productive assets and establishing improved corporate governance in business enterprises, a substantial portion of China's productive assets are still owned by the government. In addition, the PRC government continues to play a significant role in regulating development through industrial policies. The PRC government also exercises significant control over China's economic growth through its allocation of resources, control of payment of foreign currency-denominated obligations, monetary policy, and preferential treatment for particular industries or companies.

While the Chinese economy has experienced significant growth over the past decades, 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. Some of these measures, which may benefit the overall Chinese economy, may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. In addition, the PRC government has from time to time implemented certain measures, including interest rate changes, to control the pace of economic growth. These measures may cause decreased economic activity in China, and, since 2012, the Chinese economy has slowed down. Any prolonged slowdown in the Chinese economy may reduce the demand for our services and adversely affect our business and results of operations.

Recently there have been heightened tensions in the economic relations between the U.S. and China. The U.S. government has recently imposed, and proposed to impose additional, new or higher tariffs on products imported from China to penalize China for what it characterizes as unfair trade practices. China has responded by imposing largely commensurate tariffs on products imported from the U.S. Amid these tensions, the U.S. government has imposed and may impose additional measures on entities in China, including sanctions. We currently source some of our reagents and laboratory equipment from vendors based in the U.S. The U.S. government may prohibit these companies from doing business with Chinese companies and the Chinese government implement countermeasures. If this were to happen, we may be required to seek substitute suppliers, which could adversely affect our operations. Moreover, the potential increase in tariffs may also increase the costs we incur to purchase imported reagents and laboratory equipment. In addition, as a biotechnology company with operations primarily based in China, our international expansion plan to commercialize our products and services in, and export our products and services to, the U.S. could be adversely affected by these or future trade developments. Our current or future operations in the U.S. may be adversely affected by relationship between the two countries. In addition, increased protectionism and the risk of global trade war, which result in weaker global trade and lower levels of economic activity, could reduce the demand for our tests and adversely affect our business.

Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us.

The PRC legal system is a civil law system based on written statutes. Unlike common law systems, it is a system in which prior court decisions have limited value as precedents. Our PRC subsidiaries are subject to various PRC laws and regulations generally applicable to companies in China. However, since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, their interpretation is not always consistent and their enforcement involves uncertainties.

In particular, PRC laws and regulations concerning the cancer genotyping industry are developing and evolving. Although we have taken measures to comply with the laws and regulations applicable to our business operations and to avoid conducting any non-compliant activities under these laws and regulations, the PRC governmental authorities may promulgate new laws and regulations regulating cancer genotyping industries, some of which may have a retroactive effect. We cannot assure you that our business operations would not be deemed to violate any such new PRC laws or regulations. Moreover, developments in the cancer genotyping industry may lead to changes in PRC laws, regulations and policies or in the interpretation and application of existing laws, regulations and policies, which in turn may limit or restrict us, and could adversely affect our business and operations.

From time to time, we may have to rely on administrative and court proceedings to enforce our legal rights. However, since the PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. Furthermore, the PRC legal system is based in part on government policies and internal rules (some of which are not published in a timely manner or at all) that may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. These types of uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in China, could adversely affect our business and impede our ability to continue our operations, and may further affect the legal remedies and protections available to investors, which may, in turn, adversely affect the value of your investment.

We may be classified as a "PRC resident enterprise" for PRC enterprise income tax purposes, which could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders.

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a "de facto management body" within the PRC is considered a resident enterprise and will be

subject to enterprise income tax on its global income at the rate of 25%. The related implementation rules define the term "de facto management body" as the body that exercises full and substantial control over, and overall management of, the business, productions, personnel, accounts and properties of an enterprise. In April 2009, the State Administration of Taxation, or the SAT, issued a circular, known as 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 Circular 82 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 Circular 82 may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to 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. It 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 voting board members or senior executives habitually reside in the PRC.

We believe none of our entities outside of China is 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." As substantially all of our management members are based in China, it remains unclear how the tax residency rule would apply in our case. If the PRC tax authorities determine that we or any of our subsidiaries outside of China is a PRC resident enterprise for PRC enterprise income tax purposes, then we or such subsidiary could be subject to PRC tax at a rate of 25% on its worldwide income, which could reduce our net income. In addition, we would also be subject to PRC enterprise income tax reporting obligations. Furthermore, if the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, dividends paid by us and gains realized on the sale or other disposition of our ordinary shares or ADSs may be subject to PRC tax, at a rate of 10% in the case of non-PRC enterprises or 20% in the case of non-PRC individuals (in each case, subject to the provisions of any applicable tax treaty), if such dividends and gains are deemed to be from PRC sources. It is unclear whether non-PRC shareholders of our company, including the holders of our ADSs, 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.

We may rely on dividends and other distributions from our subsidiaries in China to fund our cash and financing requirements, and any limitation on the ability of our subsidiaries to make payments to us could adversely affect our ability to conduct our business.

As a holding company, we conduct most of our business through our subsidiaries incorporated in China. We may rely on dividends paid by these PRC subsidiaries for our cash needs, including the funds necessary to pay any dividends and other cash distributions to our shareholders, to service any debt we may incur and to pay our operating expenses. The payment of dividends by entities established in China is subject to limitations. Regulations in China currently permit payment of dividends only out of accumulated profits as determined in accordance with accounting standards and regulations in China. As a result, our PRC subsidiaries are restricted in their ability to transfer a portion of their net assets to us in the form of dividends. In addition, if any of our PRC subsidiaries incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Any limitations on the ability of our PRC subsidiaries to transfer funds to us could adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends and otherwise fund and conduct our business.

Our PRC subsidiaries generate primarily all of their revenue in Renminbi, which is not freely convertible into other currencies. As a result, any restriction on currency exchange may limit the ability of our PRC subsidiaries to use their Renminbi revenues to pay dividends to us.

In response to the persistent capital outflow and the Renminbi's depreciation against the U.S. dollar in the fourth quarter of 2016, the People's Bank of China, or the PBOC, and the State Administration of Foreign Exchange, or SAFE, have implemented a series of capital control measures over recent months, including stricter vetting procedures for China-based companies to remit foreign currency for overseas acquisitions, dividend payments and shareholder loan repayments. The PRC government may continue to strengthen its capital controls and our PRC subsidiary's dividends and other distributions may be subjected to tighter scrutiny. Any limitation on the ability of our PRC subsidiary to pay dividends or make other distributions to us could adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

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

Fluctuations in exchange rates could have an adverse effect on our results of operations and the price of the ADSs.

The value of the Renminbi 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. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar, and the Renminbi appreciated more than 20% against the U.S. dollar over the following three years. Between July 2008 and June 2010, this appreciation halted and the exchange rate between the Renminbi and the U.S. dollar remained within a narrow band. Since June 2010, the Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. On November 30, 2015, the Executive Board of the International Monetary Fund (IMF) completed the regular five-year review of the basket of currencies that make up its Special Drawing Rights, or the SDR, and decided that with effect from October 1, 2016, the Renminbi is considered 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. In the fourth quarter of 2016, the Renminbi depreciated significantly in the backdrop of a surging U.S. dollar and persistent capital outflows out of China. With the development of the foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may announce further changes to the exchange rate system and we cannot assure you that the Renminbi 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 policies may affect the exchange rate between the Renminbi and the U.S. dollar in the future.

Substantially all of our revenue and costs are denominated in Renminbi. We are a holding company and we rely on dividends paid by our operating subsidiaries in China for our cash needs. Any significant revaluation of the Renminbi may have an adverse effect on your investment. For example, to the extent that we need to convert U.S. dollars we receive from this offering and the concurrent private placement or other capital markets transactions or borrowings outside China into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we would receive from the conversion. Conversely, if we decide to convert our Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount available to us.

The PRC government's control of foreign currency conversion may limit our foreign exchange transactions, including dividend payments on our ordinary shares.

The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenues in Renminbi. Under our current corporate structure, our company in the Cayman Islands relies on dividend payments indirectly

from our PRC subsidiaries to fund any cash and financing requirements we may have. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE, by complying with certain procedural requirements. Therefore, our PRC subsidiaries are able to pay dividends in foreign currencies to us without prior approval from SAFE, subject to the condition that the remittance of such dividends outside of the PRC complies with certain procedures under PRC foreign exchange regulation. However, approval from or registration with appropriate governmental authorities or commercial banks authorized by such authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses, such as the repayment of loans denominated in foreign currencies.

In light of strong capital outflows from China in 2016, the PRC government has imposed more restrictive foreign exchange policies and stepped up its scrutiny of major outbound capital movements. More restrictions and substantial vetting processes have been put in place by SAFE to regulate cross-border capital account transactions. The PRC government may at its discretion further restrict access to foreign currencies in the future for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders.

Furthermore, as these foreign exchange regulations are still relatively new and their interpretation and implementation has been constantly evolving, it is unclear how these regulations, and any future regulations concerning offshore or cross-border 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. In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we or the owners of such company 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.

The approval of the China Securities Regulatory Commission may be required in connection with this offering under a regulation adopted in August 2006, as amended, and, if required, we cannot predict whether we will be able to obtain this approval.

The Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in August 2006 and amended in 2009, require an overseas special purpose vehicle formed for listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals to obtain the approval of the China Securities Regulatory Commission, or the CSRC, prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. In September 2006, the CSRC published a notice on its official website specifying documents and materials required to be submitted to it by a special purpose vehicle seeking the CSRC's approval of its overseas listings.

Our PRC counsel, Shihui Partners, based on its understanding of the current PRC laws and regulations, advised that the aforesaid CSRC's approval is not required for the listing and trading of our ADSs on the NASDAQ Global Market in the context of this offering, because, among other things, (i) the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings such as this offering contemplated by our company are subject to the M&A Rules, (ii) the PRC subsidiaries were established by means of direct investment rather than by merger or acquisition directly or indirectly of the equity interest or assets of any "domestic company" as defined under the M&A Rules; and (iii) no provision in the M&A Rules clearly classifies the contractual arrangements contemplated under the VIE agreements as a type of acquisition transaction subject to the M&A Rules.

However, our PRC counsel has further advised us that there remains some uncertainty as to how the M&A Rules will be interpreted or implemented in the context of an overseas offering and the CSRC's opinions

summarized above are subject to any new laws, rules and regulations or detailed implementations and interpretations in any form relating to the M&A Rules. We cannot assure you that relevant PRC government agencies, including the CSRC, would reach the same conclusion as we and our PRC counsel do. If the CSRC or any other PRC regulatory agencies subsequently determines that we need to obtain the CSRC's approval for this offering or if the CSRC or any other PRC government agencies promulgates any interpretation or implements rules before our listing that would require us to obtain CSRC or other governmental approvals for this offering, we may face adverse actions or sanctions by the CSRC or other PRC regulatory agencies. These sanctions could include fines and penalties on our operations in the PRC, limitations on our operating privileges in the PRC, delays in 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 could have an adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of the ADSs. The CSRC or other PRC regulatory agencies may also take actions requiring us, or making it advisable for 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. In addition, if the CSRC or other PRC regulatory agencies later promulgate new rules or explanations requiring that we obtain their approvals for this offering, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties and/or negative publicity regarding such approval requirement could have an adverse effect on the trading price of the ADSs.

Inflation in the PRC could negatively affect our profitability and growth.

The economy of China has experienced significant growth, which has from time to time lead to significant inflation. China's overall economy is expected to continue to grow. Future increases in China's inflation may adversely affect our profitability and results of operations.

PRC regulation of loans to and direct investments in PRC entities by offshore holding companies may delay or prevent us from using the proceeds of this offering and the concurrent private placement to make loans or additional capital contributions to our subsidiaries, which could adversely affect our liquidity and our ability to fund and expand our business.

We are an offshore holding company conducting our operations in China through our PRC subsidiaries. We may make loans to our PRC subsidiaries or we may make additional capital contributions to our wholly foreign-owned subsidiaries in China. Any loans by us to our wholly foreign-owned subsidiaries in China to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of the PRC State Administration of Foreign Exchange, or the SAFE. In addition, a foreign invested enterprise shall use its capital pursuant to the principle of authenticity and self-use within its business scope.

In March 2015, the SAFE promulgated the Circular on Reforming the Administration Measures on Conversion of Foreign Exchange Registered Capital of Foreign-invested Enterprises, or SAFE Circular 19, which took effect and replaced certain previous SAFE regulations from June 1, 2015. The SAFE further promulgated the Circular of the SAFE on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts, or SAFE Circular 16, which took effective on June 9, 2016 and, among other things, amended certain provisions of SAFE Circular 19. According to SAFE Circular 19 and SAFE Circular 16, the flow and use of the Renminbi capital converted from foreign currency-denominated registered capital of a foreign-invested company is regulated such that Renminbi 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. SAFE Circular 19 and SAFE Circular 16 may limit our ability to transfer the net proceeds from this offering and the concurrent private placement to our PRC subsidiaries and convert the net proceeds into RMB.

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 will be able to complete the necessary

government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans to our PRC subsidiaries or future capital contributions by us to our wholly foreign-owned subsidiaries in China. As a result, uncertainties exist as to our ability to provide prompt financial support to our PRC subsidiaries when needed. 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 and to capitalize or otherwise fund our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

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

The M&A Rules and some other regulations and rules concerning mergers and acquisitions, have established complex procedures and requirements that restrict merger and acquisition activities by foreign investors. For example, when a foreign investor takes control of a PRC enterprise, it must notify MOFCOM in advance of such change-of-control transaction. Moreover, the Anti-Monopoly Law requires that the anti-trust governmental authority be notified in advance of any concentration of undertaking if certain thresholds are triggered. The security review rules issued by MOFCOM, which became effective in September 2011, specify that certain mergers and acquisitions by foreign investors, for example those that raise "national defense and security" concerns or through which foreign investors may acquire de facto control over domestic enterprises and therefore raise "national security" concerns, are subject to its review. Those rules prohibit any activities attempting to bypass security review, for example by structuring a transaction through a proxy or contractual control arrangements. We may grow our business by acquiring other companies operating in our industry. Complying with the requirements of the regulations described above and other relevant rules to complete these transactions could be time-consuming, and any required approval processes, including obtaining approval from MOFCOM or its local counterparts, may delay or inhibit our ability to complete these transactions, which could affect our ability to expand our business or maintain our market share. Furthermore, according to the M&A Rules, if a PRC entity or individual plans to merger or acquire its related PRC entity through an overseas company legitimately incorporated or controlled by such entity or individual, such a merger and acquisition will be subject to examination and approval by MOFCOM. The application and interpretations of M&A Rules are still uncertain, and there is possibility that the relevant PRC regulators may promulgate new rules or explanations requiring that we obtain approval of MOFCOM for our completed or ongoing mergers and acquisitions. There is no assurance that we can obtain MOFCOM approval for our mergers and acquisitions, and if we fail to obtain those approvals, we may be required to suspend our acquisition and be subject to penalties. Any uncertainties regarding such governmental approval requirements could have an adverse effect on our business, results of operations and corporate structure.

The heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on our business operations, our acquisition or restructuring strategy or the value of your investment in us.

Pursuant to the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises, or Circular 698, issued by the SAT, which became effective retroactively as of January 1, 2008, if a non-resident enterprise investor transfers equity interest in a PRC resident enterprise indirectly by way of disposing of equity interest in an overseas holding company, the non-resident enterprise investor, being the transferor, may be subject to PRC enterprise income tax, if the indirect transfer is considered to be an abusive use of company structure without reasonable commercial purposes. As a result, gains derived from such indirect transfers may be subject to PRC withholding tax at a rate of up to 10%. In addition, the relevant PRC resident enterprise may be required to provide necessary assistance to support the enforcement of Circular 698.

On February 3, 2015, the State Administration of Tax issued a Public Notice Regarding Certain Corporate Income Tax Matters on Indirect Transfer of Properties by Non-Tax Resident Enterprises, or Public Notice 7.

Public Notice 7 introduces a new tax regime that is significantly different from Circular 698. Public Notice 7 extends tax jurisdiction to not only indirect transfers set forth under Circular 698 but also to transactions involving the transfer of other taxable assets made through the offshore transfer of a foreign intermediate holding company. In addition, Public Notice 7 provides clearer criteria than Circular 698 on how to assess reasonable commercial purposes and has introduced safe harbors for internal group restructurings and the purchase and sale of equity through a public securities market. Public Notice 7 has new requirements for both foreign transferors and the transferees (or other person who is obligated to pay for the transfer) of the taxable assets. If a non-resident enterprise conducts an "indirect transfer" by transferring the taxable assets indirectly by disposing of the equity interest of an overseas holding company, then the non-resident enterprise, as the transferor, or the transferee or the PRC entity, which directly owned the taxable assets, must report to the relevant tax authority such indirect transfer. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of up to 10% for the transfer of equity interest 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.

On October 17, 2017, the SAT issued a Public Notice on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source, or Public Notice 37, which, among others, repealed the Circular 698 on December 1, 2017. Public Notice 37 further details and clarifies the tax withholding methods in respect of income of non-resident enterprises under Circular 698. And certain rules stipulated in Public Notice 7 are replaced by Public Notice 37. Where the non-resident enterprise fails to declare the tax payable pursuant to Article 39 of the Enterprise Income Tax Law, the tax authority may order it to pay the tax due within required time limits, and the non-resident enterprise is required to declare and pay the tax payable within such time limits specified by the tax authority; however, if the non-resident enterprise voluntarily declares and pays the tax payable before the tax authority orders it to do so within required time limits, it will be deemed that such enterprise has paid the tax in time.

We face uncertainties as to the reporting and other implications of certain past and future transactions where PRC taxable assets are involved, such as offshore restructuring, sale of the shares in our offshore subsidiaries and investments. We may be subject to filing obligations or taxed if we are the transferor in such transactions, and we may be subject to withholding obligations if we are the transferee in such transactions, under Public Notice 7 and Public Notice 37. For transfer of shares in our company by investors who are non-PRC resident enterprises, our PRC subsidiary may be requested to assist in the filing under Public Notice 7 and Public Notice 37. As a result, we may be required to expend valuable resources to comply with Public Notice 7 and Public Notice 37 or to request the relevant transferors from whom we purchase taxable assets to comply with these notices, or to establish that our company should not be taxed under these notices, which may have an adverse effect on our financial condition and results of operations.

You may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of our ADSs.

Under the EIT Law and its implementation rules, PRC withholding tax at the rate of 10% is generally applicable to dividends from PRC sources paid to investors that are resident enterprises outside of China and that do not have an establishment or place of business in China, or that have an establishment or place of business in China but the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is subject to 10% PRC income tax if this gain is regarded as income derived from sources within China. Under the PRC Individual Income Tax Law and its implementation rules, dividends from sources within China paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by these investors on the transfer of shares are generally subject to 20% PRC income tax. Any such PRC tax liability may be reduced by the provisions of an applicable tax treaty.

Although substantially all of our business operations are in China, it is unclear whether the dividends we pay with respect to our shares or ADSs, or the gains realized from the transfer of our shares or ADSs, would be treated as income derived from sources within China and as a result be subject to PRC income tax if we are considered a PRC resident enterprise. If PRC income tax is imposed on gains realized through the transfer of our ADSs or on dividends paid to our non-resident investors, the value of your investment in our ADSs may be adversely affected. Furthermore, our shareholders whose jurisdictions of residence have tax treaties or arrangements with China may not qualify for benefits under these tax treaties or arrangements.

In addition, pursuant to the Double Tax Avoidance Arrangement between Hong Kong and China, or the Double Tax Avoidance Treaty, and the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties, or the Notice on Tax Treaties, issued on February 20, 2009 by the SAT, if a Hong Kong resident enterprise owns more than 25% of the equity interest of a PRC company at all times during the twelve-month period immediately prior to obtaining a dividend from such company, the 10% withholding tax on such dividend is reduced to 5%, provided that certain other conditions and requirements under the Double Tax Avoidance Treaty and other applicable PRC laws are satisfied at the discretion of the relevant PRC tax authority. However, based on the Notice on 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, the PRC tax authorities may adjust the preferential tax treatment. Based on the Notice on Issues concerning Beneficial Owner in Tax Treaties, or Circular 9, issued on February 3, 2018 by the SAT and effective on April 1, 2018, when determining the applicant's status as a "beneficial owner" for purpose of tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors will be taken into account, and it will be analyzed according to the actual circumstances of the specific cases. If our Hong Kong subsidiary is determined by PRC government authorities as receiving benefits from reduced income tax rates due to a structure or arrangement that is primarily tax-driven, the dividends paid by our PRC subsidiaries to our Hong Kong subsidiary will be taxed at a higher rate, which will have an adverse effect on our financial and operational conditions.

We may be subject to penalties, including restrictions on our ability to inject capital into our PRC subsidiaries and on our PRC subsidiaries' ability to distribute profits to us, if our PRC resident shareholders or beneficial owners fail to comply with relevant PRC foreign exchange regulations.

SAFE has promulgated several regulations that require PRC residents and PRC corporate entities to register with and obtain approval from local branches of SAFE in connection with their direct or indirect offshore investment activities. The Circular on Relevant Issues Relating to Domestic Resident's Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, was promulgated by SAFE in July 2014. SAFE Circular 37 requires PRC residents or entities to register with SAFE or its local branch in connection with their establishment, or control of an offshore entity established, for the purpose of overseas investment or financing. According to the Circular of Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to Direct Investment released in February 2015 by SAFE, local banks will examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration, under SAFE Circular 37 from June 2015. These regulations apply to our shareholders who are PRC residents and may also apply to any offshore acquisitions or investments that we make in the future.

Under these foreign exchange regulations, PRC residents who make, or have previously made, prior to the implementation of these foreign exchange regulations, direct or indirect investments in offshore companies are required to register those investments. In addition, any PRC resident who is a direct or indirect shareholder of an offshore company is required to update its previously filed SAFE registration, to reflect any material change involving its round-trip investment. If any PRC shareholder fails to make the required registration or update the previously filed registration, the PRC subsidiary of that offshore parent company may be restricted from distributing their profits and the proceeds from any reduction in capital, share transfer or liquidation to their offshore parent company, and the offshore parent company may also be restricted from injecting additional

capital into its PRC subsidiary. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions, including (i) the requirement by SAFE to return the foreign exchange remitted overseas or into the PRC within a period of time specified by SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas or into PRC and deemed to have been evasive or illegal and (ii) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive or illegal.

We are committed to complying with and to ensuring that our shareholders who are subject to these regulations will comply with the relevant SAFE rules and regulations. However, due to the inherent uncertainty in the implementation of the regulatory requirements by the PRC authorities, such registration might not be always practically available in all circumstances as prescribed in those regulations. In addition, we may not always be able to compel them to comply with SAFE Circular 37 or other related regulations. We cannot assure you that SAFE or its local branches will not release explicit requirements or interpret the relevant PRC laws and regulations otherwise. As of the date of the prospectus, certain beneficial owners of our shares, who are PRC citizens, are in the process of registering under SAFE Circular 37. However, we may not be fully informed of the identities of all our shareholders or beneficial owners who are PRC residents, and we cannot provide any assurance that all of our shareholders and beneficial owners who are PRC residents will comply with our request to make, obtain or update any applicable registrations or comply with other requirements under SAFE Circular 37 or other related rules in a timely manner.

Because there is uncertainty concerning the reconciliation of these foreign exchange regulations with other approval requirements, it is unclear how these regulations, and any future regulation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant governmental authorities. We cannot predict how these regulations will affect our business operations or future strategy. 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 results of operations and financial condition. This may restrict our ability to implement our acquisition strategy and could adversely affect our business and prospects.

Any failure to comply with PRC regulations regarding our employee share incentive plans or share option plans may subject plan participants, who are PRC residents, or us to fines and other legal or administrative sanctions.

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 SAFE Circular 7. SAFE Circular 7 and other relevant rules and regulations require PRC residents who participate in a stock incentive plan in an overseas publicly tradeable company to register with SAFE or its local branches or the banks and complete certain other procedures. Participants in a stock incentive plan who are PRC residents must retain a qualified PRC agent to conduct the SAFE registration and other procedures with respect to the stock incentive plan on behalf of its participants. Such participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent must amend the SAFE registration with respect to the plan within three months if there is any material change to the stock incentive plan, the PRC agent, or the overseas entrusted institution, or if there are any other material changes in the plan. In addition, SAFE Circular 37 and other relevant rules and regulations stipulate that PRC residents who participate in a share incentive plan of an overseas non-publicly tradeable special purpose company must register with SAFE or its local branches or the banks before they exercise the share options. We and our PRC employees who have been granted share options and restricted shares are subject to these regulations. Failure of our PRC share option holders or restricted shareholders to complete their SAFE registrations may subject them to fines and legal sanctions, and may also limit our ability to contribute additional capital into our PRC subsidiary, limit our PRC subsidiary's ability to distribute dividends to us, or otherwise adversely affect our business.

The SAT has also issued rules and regulations concerning employee share incentives. Under these rules and regulations, our employees working in the PRC will be subject to PRC individual income tax upon exercise of the share options and/or grant of the restricted shares. Our PRC subsidiaries have obligations to file documents with respect to the granted share options and/or restricted shares with relevant tax authorities and to withhold individual income taxes for their employees upon exercise of the share options and/or grant of the restricted shares. If our employees fail to pay or we fail to withhold their individual income taxes according to relevant rules and regulations, we may face sanctions imposed by the competent governmental authorities.

Our leased property interests may be defective and our right to lease the properties affected by defects may be challenged, which could cause disruption to our business.

As of the date of this prospectus, we leased properties for our offices and branch offices in China. Under PRC laws, all lease agreements must be registered with the local housing authorities. As of the date of this prospectus, none of the premises we lease have completed the registration of our leases with the local housing authorities. Failure to complete these registrations may expose us to potential monetary fines up to RMB10,000 per unit leasehold.

We may be subject to penalties under relevant PRC laws and regulations due to failure to be in full compliance with social insurance and housing provident fund regulation.

According to the Social Insurance Law of the PRC promulgated in 2010 and the Regulations on Management of Housing Provident Funds promulgated in 1999 and most recently amended in 2019, within a prescribed time limit, we need to register with the relevant social security authority and housing provident fund management center, and to open the relevant accounts and make full contributions for social insurance and housing funds for our employees, and this obligation cannot be delegated to any third party.

Our contributions for some of our employees to the social insurance and housing funds may not have been in compliance with relevant PRC laws and regulations. Some of our subsidiaries or consolidated affiliated entities engaged third-party human resources agencies to pay social insurance and housing funds for some of their employees. As of the date of this prospectus, none of these subsidiaries or consolidated affiliated entities had received any notice from the local authorities or any claim or request from these employees in this regard. Under the agreements entered into between the third-party human resources agencies and our relevant subsidiaries or Consolidated Affiliated Entities, the third-party human resources agencies have the obligations to pay social insurance premium and housing provident funds for our relevant employees. However, if the human resource agencies fail to pay the social insurance or housing fund contributions for and behalf of our employees as required under applicable PRC laws and regulations, we may be subject to penalties imposed by the local social insurance authorities and the local housing fund management centers for failing to discharge our obligations in relation to payment of social insurance and housing funds as an employer.

On July 20, 2018, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council of the PRC issued the Reform Plan of the State Tax and Local Tax Collection Administration System, or the Tax Reform Plan. Under the Tax Reform Plan, commencing from January 1, 2019, tax authorities are responsible for the collection of social insurance contributions in the PRC. The effect of the Tax Reform Plan is still uncertain. We cannot assure that we will not be required to pay any deemed shortfalls or be subject to penalties or fines regarding social security insurance and housing provident funds contributions, any of which may have an adverse effect on our business 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, and the ability of U.S. authorities to bring actions in China may also be limited.

We are an exempted company limited by shares incorporated under the laws of the Cayman Islands, and we conduct substantially all of our operations in China and substantially all of our assets are located in China. In

addition, most of our senior executive officers reside in China for a significant portion of the time and most 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 mainland China. It may also be difficult for you to enforce in the U.S. courts judgments obtained in the U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us and our officers and directors who reside and whose assets are located outside the U.S. There is also uncertainty as to whether the courts of the Cayman Islands or the PRC would recognize or enforce judgments of the U.S. courts against us or such persons predicated upon the civil liability provisions of the securities laws of the U.S. 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 and other applicable laws, regulations and interpretations 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 reciprocity with the U.S. that provide for the reciprocal recognition and enforcement of U.S. 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 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 U.S. In addition, the SEC, the U.S. Department of Justice and other U.S. authorities may also have difficulties in bringing and enforcing actions against us or our directors or officers in the PRC.

Furthermore, shareholder claims that are common in the U.S., including securities law class actions and fraud claims, generally are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to obtaining information needed for shareholder investigations or litigation outside China or otherwise with respect to foreign entities. Although the local 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 U.S. have not been efficient in the absence of mutual and practical cooperation mechanism. 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 organization or individual may provide the documents and materials relating to securities business activities to overseas parties. See also "—Risks Relating to the ADSs and this Offering—You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law" for risks associated with investing in us as a Cayman Islands company.

Recent litigation and negative publicity surrounding China-based companies listed in the U.S. may result in increased regulatory scrutiny of us and negatively impact the trading price of the ADSs and could have an adverse effect upon our business, including our results of operations, financial condition, cash flows and prospects.

We believe that litigation and negative publicity surrounding companies with operations in China that are listed in the U.S. have negatively impacted stock prices for these companies. Various equity-based research organizations have published reports on China-based companies after examining their corporate governance practices, related party transactions, sales practices and financial statements, and these reports have led to special investigations and listing suspensions on U.S. national exchanges. Any similar scrutiny of us, regardless of its lack of merit, could result in a diversion of management resources and energy, potential costs to defend ourselves against rumors, decreases and volatility in the ADS trading price, and increased directors and officers insurance premiums and could have an adverse effect upon our business, including our results of operations, financial condition, cash flows and prospects.

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 and are exposed to uncertainties.

Our auditor, the independent registered public accounting firm that issues the audit report included elsewhere in this prospectus, as an auditor of companies that are traded publicly in the U.S. and a firm registered with the Public Company Accounting Oversight Board (United States), or the PCAOB, is subject to laws in the U.S. pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. Since our auditors are located in China, a jurisdiction where the PCAOB has been unable to conduct inspections without the approval of the Chinese authorities.

In May 2013, the PCAOB announced that it had entered into a Memorandum of Understanding on Enforcement Cooperation with the China Securities Regulatory Commission, or CSRC, and the PRC Ministry of Finance, which establishes a cooperative framework between the parties for the production and exchange of audit documents relevant to investigations undertaken by the PCAOB, the CSRC or the PRC Ministry of Finance in the U.S. and the PRC, respectively. The PCAOB continues to be in discussions with the CSRC, and the PRC Ministry of Finance to permit joint inspections in the PRC of audit firms that are registered with PCAOB and audit Chinese companies that trade on U.S. exchanges.

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. On November 4, 2019, the SEC announced that SEC and PCAOB had dialogue with the “Big Four” accounting firms, which emphasized the need for effective and consistent global firm oversight of member firms, including those operating in China. On February 19, 2020, the SEC and the PCAOB further issued a joint statement on continued dialogue with “Big Four” accounting firms on audit quality in China, highlighting that PCAOB continues to be prevented from inspecting the audit work and practices of PCAOB-registered audit firms in China. On April 21, 2020, the SEC and the PCAOB issued a new joint statement, reminding the investors that in many emerging markets, including China, there is substantially greater risk that disclosures will be incomplete or misleading and, in the event of investor harm, substantially less access to recourse, in comparison to U.S. domestic companies, and stressing again the PCAOB’s inability to inspect audit work papers in China and its potential harm to investors. However, it remains unclear what further actions, if any, the SEC and the PCAOB will take to address the problem.

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

As part of a continued regulatory focus in the U.S. 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 PCAOB is not able to inspect or investigate an auditor report issued by a foreign public accounting firm. The proposed Ensuring Quality Information and Transparency for Abroad-Based Listings on our Exchanges (EQUITABLE) Act prescribes increased disclosure requirements for these issuers and, beginning in 2025, the delisting from U.S. national securities exchanges such as the NASDAQ Global Market of issuers included on the SEC’s list for three consecutive years. On May 20, 2020, the U.S. Senate approved the Holding Foreign Companies Accountable Act, or the HFCA Act, which includes requirements similar to those in the EQUITABLE Act for the SEC to identify issuers whose audit reports are prepared by auditors that the PCAOB is

unable to inspect or investigate because of restriction 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. Congress has also introduced and is considering a bill similar to the HFCA Act. Enactment of these legislations 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, and it 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 adverse impact on the stock performance of China-based issuers listed in the U.S.

Proceedings instituted by the SEC against Chinese affiliates of the "big four" accounting firms, including our independent registered public accounting firm, could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act.

In December 2012, the SEC instituted administrative proceedings against the Big Four PRC-based accounting firms, including our independent registered public accounting firm, alleging that these firms had violated U.S. securities laws and the SEC's rules and regulations thereunder by failing to provide to the SEC the firms' audit work papers with respect to certain PRC-based companies that are publicly traded in the U.S.

On January 22, 2014, the administrative law judge, or the ALJ, presiding over the matter rendered an initial decision that each of the firms had violated the SEC's rules of practice by failing to produce audit papers and other documents to the SEC. The initial decision censured each of the firms and barred them from practicing before the SEC for a period of six months.

On February 6, 2015, the four China-based accounting firms each agreed to a censure and to pay a fine to the SEC to settle the dispute and avoid suspension of their ability to practice before the SEC and audit U.S.-listed companies. The settlement required the firms to follow detailed procedures and to seek to provide the SEC with access to Chinese firms' audit documents via the CSRC. Under the terms of the settlement, the underlying proceeding against the four China-based accounting firms was deemed dismissed with prejudice four years after entry of the settlement. The four-year mark occurred on February 6, 2019. In the event that the SEC restarts the administrative proceedings, depending upon the final outcome, listed companies in the U.S. with major PRC operations may find it difficult or impossible to retain auditors in respect of their operations in the PRC, which could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act, including possible delisting. Moreover, any negative news about the proceedings against these audit firms may cause investor uncertainty regarding PRC-based, U.S.-listed companies and the market price of our ADSs may be adversely affected.

If our independent registered public accounting firm was denied, even temporarily, the ability to practice before the SEC and we were unable to timely find another registered public accounting firm to audit and issue an opinion on our financial statements, our financial statements could be determined not to be in compliance with the requirements of the Exchange Act. Such a determination could ultimately lead to the delisting of our ordinary shares from the Nasdaq Global Market or deregistration from the SEC, or both, which would substantially reduce or effectively terminate the trading of our ADSs in the U.S.

Risks Relating to The ADSs and This Offering

An active trading market for our ordinary shares or the ADSs may not develop and the trading price for the ADSs may fluctuate significantly.

We have applied to list the ADSs on the NASDAQ Global Market. Prior to the completion of this offering, there has been no public market for our ADSs or our ordinary shares. Negotiations with the underwriters will determine the initial public offering price for our ADSs, which may bear no relationship to their market price after this offering. There is no assurance that this offering will result in the development of an active, liquid public trading market for our ADSs, and we can provide no assurance that the trading price of our ADSs after this offering will not decline below the initial public offering price. Factors such as variations in our revenue, earnings and cash flows, or any other developments in respect of us, may affect the volume and price at which the ADSs will be traded. As a result, investors in our securities may experience a significant decrease in the value of their ADSs.

Participation in this offering by certain existing shareholders and their affiliates would reduce the available public float for our ADSs.

Several existing shareholders and their affiliates have indicated an interest in purchasing up to an aggregate of US$79 million of ADSs in this offering at the initial public offering price and on the same terms as the other ADSs being offered. If any of these shareholders or their affiliates is allocated all or a portion of the ADSs in which they have indicated an interest in purchasing in this offering and purchase any such ADSs, such purchase may reduce the available public float for our ADSs. As a result, any purchase of our ADSs by these shareholders or their affiliates in this offering may reduce the liquidity of our ADSs relative to what it would have been had these ADSs been purchased by other investors.

The trading price of ADSs may be volatile, which could result in substantial losses to investors.

The trading price of the ADSs is likely to be volatile and could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, like the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in the U.S. A number of Chinese companies have listed or are in the process of listing their securities on U.S. stock markets. The securities of some of these companies have experienced significant volatility, including price declines in connection with their initial public offerings. The trading performances of these Chinese companies' securities after their offerings may affect the attitudes of investors toward Chinese companies listed in the U.S. in general and consequently may impact the trading performance of the ADSs, regardless of our actual operating performance.

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

- variations in our revenues, earnings and cash flow;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- announcements of new services and expansions by us or our competitors;
- failure on our part to realize monetization opportunities as expected;
- changes in financial estimates by securities analysts;
- detrimental adverse publicity about us, our services or our industry;
- additions or departures of key personnel;
- release of lock-up or other transfer restrictions on our outstanding equity securities or sales of additional equity securities;

- regulatory developments affecting us or our industry; and
- potential litigation or regulatory investigations.

Any of these factors may result in large and sudden changes in the volume and price at which our ADSs will trade.

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

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

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

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

Sales of ADSs in the public market after this offering, or the perception that these sales could occur, could cause the market price of the ADSs to decline. Immediately after the completion of this offering and the concurrent private placement, we will have 101,988,521 ordinary shares outstanding, including 13,500,000 Class A ordinary shares represented by ADSs we will issue in this offering, and 1,724,138 Class A ordinary shares we will issue and sell in the concurrent private placement at an assumed initial public offering price of US$14.50 per ADS, the mid-point of the estimated range of the initial public offering price, assuming the underwriters do not exercise their over-allotment option. All ADSs sold in this offering will be freely transferable without restriction or additional registration under the Securities Act. The remaining ordinary shares outstanding after this offering will be available for sale, upon the expiration of the 180-day lock-up period beginning from the date of this prospectus, subject to volume and other restrictions as applicable under Rules 144 and 701 under the Securities Act. Any or all of these shares may be released prior to the expiration of the lock-up period at the discretion of the representatives of the underwriters of this offering. To the extent shares are released before the expiration of the lock-up period and sold into the market, the market price of the ADSs could decline.

If a large number of our ordinary shares or securities convertible into our ordinary shares are sold in the public market after they become eligible for sale, the sales could reduce the trading price of the ADSs and impede our ability to raise future capital. In addition, any ordinary shares that we issue under our share incentive plan would dilute the percentage ownership held by investors who purchase ADSs in this offering.

Because we do not expect to pay dividends in the foreseeable future after this offering, you must rely on price appreciation of the ADSs for return on your investment.

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

Our board of directors has complete discretion as to whether to distribute dividends. 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 subsidiary, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in the ADSs will likely depend entirely upon any future price appreciation of the ADSs. There is no guarantee that our ADSs will appreciate in value after this offering or even maintain the price at which you purchased the ADSs. You may not realize a return on your investment in our ADSs and you may even lose your entire investment in the ADSs.

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

If you purchase ADSs in this offering, you will pay more for your ADSs than the amount paid by our existing shareholders for their ordinary shares on a per ADS basis. As a result, you will experience immediate and substantial dilution of approximately US$11.28 per ADS, representing the difference between the initial public offering price of US$14.50 per ADS, the midpoint of the estimated public offering price range shown on the front cover of this prospectus, and our net tangible book value per ADS as of March 31, 2020 on a pro forma as-adjusted basis, after giving effect to the net proceeds to us from this offering and the concurrent private placement. You may experience further dilution to the extent that our ordinary shares are issued upon exercise of any share options. See “Dilution” for a more complete description of how the value of your investment in the ADSs will be diluted upon completion of this offering and the concurrent private placement.

We have not determined a specific use for the net proceeds from this offering and the concurrent private placement, and we may use these proceeds in ways with which you may not agree.

Our management may spend the net proceeds from this offering and the concurrent private placement in ways you may not agree with or that do not yield a favorable return to our shareholders. We plan to use the net proceeds from this offering and the concurrent private placement for purposes including enhancement of our platform and technology capabilities, international expansion and strategic investments, sales and marketing activities, and general corporate purposes. However, our management will have discretion as to the actual application of our net proceeds. You will not have the opportunity to assess whether the proceeds are being used appropriately before you make your investment decision. You must rely on the judgment of our management regarding the application of the net proceeds of this offering and the concurrent private placement. We cannot assure you that the net proceeds will be used in a manner that will improve our results of operations or increase the ADS price, nor that these net proceeds will be placed only in investments that generate income or appreciate in value.

Our directors, officers and principal shareholders have substantial influence over our company and their interests may not be aligned with the interests of our other shareholders.

Our directors and officers will collectively own an aggregate of 63.3% of the total voting power of our outstanding ordinary shares immediately upon completion of this offering and the concurrent private placement, assuming the underwriters do not exercise their over-allotment option. As a result, they have substantial influence over our business, including significant corporate actions such as change of directors, mergers, change of control transactions and other significant corporate actions.

Our directors, offices, and principal shareholders may take actions that are not in the best interest of us or our other shareholders. The concentration of ownership may discourage, delay or prevent a change in control of our company, which could deprive our shareholders of an opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of the ADSs. These actions may be taken even if they are opposed by shareholders, including those who purchase ADSs in this offering. In addition, the significant concentration of share ownership may adversely affect the trading price of the ADSs due to investors’ perception that conflicts of interest may exist or arise.

There can be no assurance that we will not be a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for any taxable year, which could result in adverse U.S. federal income tax consequences to U.S. holders of ADSs or ordinary shares.

A non-U.S. corporation will be a passive foreign investment company, or PFIC, for any taxable year if either (i) at least 75% of its gross income for such year consists of certain types of "passive" income; or (ii) at least 50% of the value of its assets (based on an average of the quarterly values of the assets) during such year is attributable to assets that produce passive income or are held for the production of passive income (the "asset test"). Based on our financial statements, the manner in which we conduct our business, relevant market data and our current expectations regarding the value and nature of our assets and the sources and nature of our income, we do not anticipate being a PFIC for our current taxable year or the foreseeable future. However, no assurance can be given in this regard because the determination of whether we are or will become a PFIC is a fact-intensive inquiry made on an annual basis that depends, in part, upon the composition of our income and assets. Fluctuations in the market price of the ADSs may cause us to become a PFIC for the current or subsequent taxable years because the value of our assets for the purpose of the asset test may be determined by reference to the market price of the ADSs. The composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets and the cash raised in this offering and the concurrent private placement.

If we were to be or become a PFIC for any taxable year during which a U.S. Holder (as defined in "Taxation—United States Federal Income Tax Considerations") holds the ADSs or ordinary shares, certain adverse U.S. federal income tax consequences could apply to such U.S. Holder. For more details of these adverse tax consequences, see "Taxation—United States Federal Income Tax Considerations—Passive Foreign Investment Company Rules."

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

We will adopt the tenth amended and restated memorandum and articles of association that will become effective upon completion of this offering. Our new memorandum and articles of association contain provisions to limit the ability of others to acquire control of our company or cause us to engage in change-of-control transactions. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. Our board of directors has the authority, without further action by our shareholders, to issue preferred shares in one or more series and to fix their designations, powers, preferences, privileges, and relative participating, optional or special rights and the qualifications, limitations or restrictions, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our ordinary shares. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our board of directors decides to issue preferred shares, the price of the ADSs may fall and the voting and other rights of the holders of our ordinary shares and the ADSs may be adversely affected.

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

We are an exempted company limited by shares incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our memorandum and articles of association, as amended, the Companies Law of the Cayman Islands and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, actions by 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 U.S. In particular, the Cayman Islands has a less developed body of securities laws than the U.S. 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 U.S.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records or to obtain copies of lists of shareholders of these companies. Our directors have discretion under our 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.

As a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the NASDAQ corporate governance requirements; these practices may afford less protection to shareholders than they otherwise would under rules and regulations applicable to U.S. domestic issuers.

As a result of all of the above, our public shareholders may have more difficulties in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the U.S.

We will incur increased costs as a result of being a public company, particularly after we cease to qualify as an "emerging growth company."

Upon completion of this offering, we will become a public company and expect to incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the SEC and the NASDAQ Global Market, impose various requirements on the corporate governance practices of public companies. As a company with less than US$1.07 billion in net revenues for our last financial year, we qualify as an "emerging growth company" pursuant to 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 in the assessment of the emerging growth company's internal control over financial reporting.

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

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

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

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

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

The voting rights of holders of ADSs are limited by the terms of the deposit agreement, and you may not be able to exercise your right to direct the voting of the underlying ordinary shares which are represented by your ADSs.

As a holder of ADSs, you will not have any direct right to attend general meetings of our shareholders or to cast any votes at such meetings. You will only be able to exercise the voting rights which attach to the underlying ordinary shares which are represented by your ADSs indirectly by giving voting instructions to the depositary in accordance with the provisions of the deposit agreement. Under the deposit agreement, you may vote only by giving voting instructions to the depositary, as the holder of the underlying ordinary shares which are represented by your ADSs. Upon receipt of your voting instructions, the depositary will endeavor to vote the underlying ordinary shares in accordance with your instructions. You will not be able to directly exercise any right to vote with respect to the underlying ordinary shares unless you withdraw the shares and become the registered holder of such shares prior to the record date for the general meeting. Under our tenth amended and restated memorandum and articles of association that will become effective immediately prior to completion of this offering, the minimum notice period required to be given by our company to our registered shareholders for convening a general meeting is seven (7) calendar days. When a general meeting is convened, you may not receive sufficient advance notice to enable you to withdraw the underlying shares which are represented by your ADSs and become the registered holder of such shares prior to the record date for the general meeting to allow you to attend the general meeting or to vote directly with respect to any specific matter or resolution which is to be considered and voted upon at the general meeting. In addition, under our tenth amended and restated memorandum and articles of association that will become effective immediately prior to completion of this offering, for the purposes of determining those shareholders who are entitled to attend and vote at any general meeting, our directors may close our register of members and/or fix in advance a record date for such meeting, and such closure of our register of members or the setting of such a record date may prevent you from withdrawing the underlying shares which are represented by your ADSs and becoming the registered holder of such shares prior to the record date, so that you would not be able to attend the general meeting or to vote directly. Where any matter is to be put to a vote at a general meeting, the depositary will, if we request, and subject to the terms of the deposit agreement, endeavor to notify you of the upcoming vote and to deliver our voting materials to you. We cannot assure you that you will receive the voting materials in time to ensure that

you can instruct the depositary to vote the underlying shares which are represented by your ADSs. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for their manner of carrying out your voting instructions. This means that you may not be able to exercise your right to direct the voting of the underlying shares which are represented by your ADSs, and you may have no legal remedy if the underlying shares are not voted as you requested.

You may not receive dividends or other distributions on our shares and you may not receive any value for them, if it is illegal or impractical to make them available to you.

The depositary has agreed to pay you any cash dividends or other distributions it or the custodian receives on shares or other deposited securities underlying your ADSs, after deducting its fees and expenses. You will receive these distributions in proportion to the number of shares your ADSs represent. However, the depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any holders of ADSs. For example, it would be unlawful to make a distribution to a holder of ADSs if it consists of securities that require registration under the Securities Act but that are not properly registered or distributed under an applicable exemption from registration. The depositary may also determine that it is not feasible to distribute certain property through the mail. Additionally, the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may determine not to distribute such property. We have no obligation to register under U.S. securities laws any ADSs, ordinary shares, rights or other securities received through such distributions. We also have no obligation to take any other action to permit the distribution of ADSs, ordinary shares, rights or anything else to holders of ADSs. This means that you may not receive distributions we make on our ordinary shares or any value for them if it is illegal or impractical for us to make them available to you. These restrictions may cause a material decline in the value of the 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 such rights available to you in the U.S. unless we register both the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Under the deposit agreement, the depositary will not make rights available to you unless both the rights and the underlying securities to be distributed to ADS holders are either registered under the Securities Act or exempt from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective and we may not be able to establish a necessary exemption from registration under the Securities Act. Accordingly, you may be unable to participate in our rights offerings in the future and may experience dilution in your holdings.

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

Your ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. 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.

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

Immediately after the completion of this offering and the concurrent private placement, our ordinary shares will consist of 84,663,673 Class A ordinary shares, including 1,724,138 Class A ordinary shares we will issue and sell in the concurrent private placement at an assumed initial public offering price of US$14.50 per ADS, the mid-point of the estimated range of the initial public offering price, and 17,324,848 Class B ordinary shares,

assuming the underwriters do not exercise their option to purchase additional ADSs. In respect of matters requiring the votes of shareholders, holders of Class A ordinary shares will be entitled to one vote per share, while holders of Class B ordinary shares will be entitled to six (6) votes per share based on our proposed dual-class share structure. We will sell Class A ordinary shares represented by the ADSs in this offering and Class A ordinary shares in the concurrent private placement. Each Class B ordinary share is convertible into one (1) Class A ordinary share at any time by the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any transfer of Class B ordinary shares by a holder thereof to any person or entity which is not an affiliate of such holder and under certain other circumstances, such Class B ordinary shares shall be automatically and immediately converted into the equal number of Class A ordinary shares. If any of such Class B ordinary shares are converted into Class A ordinary shares or cancelled for any reasons, our board of directors will have the authority without further action by our shareholders to issue additional Class B ordinary shares, which will be dilutive to our Class A ordinary shareholders and ADS holders.

Upon completion of this offering and the concurrent private placement, our founder, chairman of the board of directors and chief executive officer, Mr. Yusheng Han, will beneficially own all of our issued Class B ordinary shares. The Class B ordinary shares will constitute approximately 17.0% of our total issued and outstanding share capital and 55.1% of the aggregate voting power of our issued and outstanding share capital immediately after the completion of this offering and the concurrent private placement due to the disparate voting powers associated with our dual-class share structure, assuming the underwriters do not exercise their over-allotment option. See “Principal Shareholders.” As a result of the dual-class share structure and the concentration of ownership, our founder and chief executive officer, Mr. Yusheng Han, will have considerable influence over matters such as decisions regarding change of directors, mergers, change of control transactions and other significant corporate actions. He may take actions that are not in the best interest of us or our other shareholders. This concentration of ownership may discourage, delay or prevent a change in control of our company, which could have the effect of depriving our other shareholders of the opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of the ADSs. This concentrated control will limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of Class A ordinary shares and ADSs may view as beneficial.

The dual-class structure of our ordinary shares may adversely affect the trading market for and the trading price of the ADSs.

Certain shareholder advisory firms have announced changes to their eligibility criteria for inclusion of shares of public companies on certain indices, including the S&P 500, to exclude companies with multiple classes of shares and companies whose public shareholders hold no more than 5% of total voting power from being added to such indices. In addition, several shareholder advisory firms have announced their opposition to the use of multiple class structures. As a result, the dual class structure of our ordinary shares may prevent the inclusion of the ADSs representing Class A ordinary shares in such indices and may cause shareholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure. Any such exclusion from indices could result in a less active trading market for the ADSs. Any actions or publications by shareholder advisory firms critical of our corporate governance practices or capital structure could also adversely affect the value of the ADSs.

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

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

If we or the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with the applicable

state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement, by a federal or state court in the City of New York, which has nonexclusive jurisdiction over matters arising under the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver provision, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this is the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before entering into the deposit agreement.

If you or any other holders or beneficial owners of ADSs bring a claim against us or the depositary in connection with matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us and the depositary. If a lawsuit is brought against either or both of us and 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 result in different outcomes than a trial by jury would have, including results that could be less favorable to the plaintiffs in any such action.

Nevertheless, if this jury trial waiver provision is not permitted by applicable law, an action could proceed under the terms of the deposit agreement with a jury trial. 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 substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.

Certain judgments obtained against us by our shareholders may not be enforceable.

We are an exempted company limited by shares incorporated under the laws of the Cayman Islands. We conduct substantially all of our operations in China and substantially all of our assets are located in China. In addition, a majority of our directors and executive officers reside within China, and most of the assets of these persons are located within China. As a result, it may be difficult or impossible for you to effect service of process within the U.S. upon these individuals, or to bring an action against us or against these individuals in the U.S. in the event that you believe your rights have been infringed under the U.S. federal securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands and of the PRC may render you unable to enforce a judgment against our assets or the assets of our directors and officers. See “Enforceability of Civil Liabilities” for more details.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve risks and uncertainties. All statements other than statements of current or historical facts are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that 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 these forward-looking statements by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "likely to" or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, but are not limited to, statements about:

- our mission and strategies;
- trends and competition in China's cancer genotyping industry;
- our expectations regarding demand for and market acceptance of our cancer therapy selection products and services and our ability to expand our customer base;
- our ability to obtain and maintain intellectual property protections for our cancer therapy selection technologies and our continued research and development to keep pace with technology developments;
- our ability to obtain and maintain regulatory approvals from the NMPA, the NCCL and have our laboratory certified or accredited by authorities including the CLIA and the CAP;
- our future business development, financial condition and results of operations;
- our ability to obtain financing cost-effectively;
- potential changes of government regulations;
- our ability to hire and maintain key personnel;
- our relationship with our major business partners and customers; and
- general economic and business conditions in China and elsewhere.

You should read this prospectus and the documents that we refer to in this prospectus with the understanding that our actual future results may be materially different from and worse than what we expect. Other sections of this prospectus include additional factors that could adversely affect our business and financial performance. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements.

You should not rely upon forward-looking statements as predictions of future events. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

This prospectus contains statistical data and information estimates that we obtained from various government and private publications, including industry data and information from CIC. Although we have not independently verified the data, we believe that the publications and reports are reliable. The market data contained in this prospectus involves a number of assumptions, estimates and limitations. Our industry may not grow at the rates projected by market data, or at all. The failure of this market to grow at the projected rates may have a material adverse effect on our business and the market price of our ADSs. If any one or more of the

assumptions underlying the market data turns out to be incorrect, actual results may differ from the projections based on these assumptions. In addition, projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in “Risk Factors” and elsewhere in this prospectus. You should not place undue reliance on these forward-looking statements.

USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately US$178.2 million, or approximately US$205.5 million if the underwriters exercise their over-allotment options in full, after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us. We expect to receive net proceeds of approximately US$25 million from the concurrent private placement. These estimates are based upon an assumed initial public offering price of US$14.50 per ADS, which is the mid-point of the price range shown on the front cover page of this prospectus. A US$1.00 increase (decrease) in the assumed initial public offering price of US$14.50 per ADS would increase (decrease) the net proceeds to us from this offering by US$12.6 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 expenses payable by us.

The primary purposes of this offering are to create a public market for our shares for the benefit of all shareholders, retain talented employees and obtain additional capital. We plan to use the net proceeds of this offering and the concurrent private placement for general corporate purposes, which may include:

(i) approximately US$61.0 million for research and development of our early cancer detection technologies;

(ii) approximately US$40.6 million for obtaining NMPA approvals for additional cancer therapy selection products, including completing related clinical trials; and

(iii) the balance for other general and administrative matters.

The foregoing represents our current intentions based upon our present plans and business conditions to use and allocate the net proceeds of this offering and the concurrent private placement. Our management, however, will have significant flexibility and discretion to apply the net proceeds of this offering and the concurrent private placement. If an unforeseen event occurs or business conditions change, we may use the proceeds of this offering and the concurrent private placement differently than as described in this prospectus. See “Risk Factors—Risks Relating to Our ADSs and This Offering—We have not determined a specific use for a portion of the net proceeds from this offering and the concurrent private placement, and we may use these proceeds in ways with which you may not agree.”

In using the proceeds of this offering and the concurrent private placement, we are permitted under PRC laws and regulations as an offshore holding company to provide funding to our subsidiaries in China only through loans or capital contributions. Such loans and capital contributions are subject to PRC regulations, approvals, permits, registrations and filings, and requirements of the relevant authorities. Capital contributions to our PRC subsidiaries must be approved by or filed with MOFCOM or its local counterparts, and loans by us to our PRC subsidiaries to finance their activities cannot exceed statutory limits and must be registered with SAFE or its local branches. We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, if at all. See “Risk Factors—Risks Relating to Doing Business in the PRC—PRC regulation of loans to and direct investments in PRC entities by offshore holding companies may delay or prevent us from using the proceeds of this offering and the concurrent private placement to make loans or additional capital contributions to our subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.” We expect that all the net proceeds from this offering and the concurrent private placement will be used in the PRC in the form of Renminbi and mainly by funding our wholly foreign owned subsidiary through capital contributions. In general, the relevant registration and approval procedures for capital contributions typically take approximately eight weeks to complete. We currently see no material obstacles in completing the registration and approval procedures with respect to future capital contributions to our subsidiaries.

DIVIDEND POLICY

Our board of directors has discretion on whether to distribute dividends, subject to certain restrictions under Cayman Islands law, namely that our company may only pay dividends out of profits or share premium, 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. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board 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.

We are a holding company incorporated in the Cayman Islands. We may rely on dividends from our subsidiaries in China for our cash requirements, including any payment of dividends to our shareholders. PRC regulations may restrict the ability of our PRC subsidiaries to pay dividends to us.

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

CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2020, which has retroactively reflected the 2-for-1 reverse share split that we effected in January 2020:

- on an actual basis;
- on a pro forma basis to reflect (i) the repurchase of 55,243 Series C preferred shares on May 8, 2020, and (ii) the automatic conversion of all of our issued and outstanding ordinary and preferred shares into 69,439,535 Class A ordinary shares and 17,324,848 Class B ordinary shares upon completion of this offering; and
- on a pro forma as-adjusted basis to reflect (i) the repurchase of 55,243 Series C preferred shares on May 8, 2020, (ii) the automatic conversion of all of our issued and outstanding ordinary and preferred shares into 69,439,535 Class A ordinary shares and 17,324,848 Class B ordinary shares upon completion of this offering, (iii) the sale of 13,500,000 Class A ordinary shares in the form of ADSs by us in this offering at an assumed initial public offering price of US$14.50 per ADS, the midpoint of the estimated range of the initial public offering price shown on the front cover of this prospectus, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, assuming the underwriters do not exercise the over-allotment option, and (vi) the sale of 1,724,138 Class A ordinary shares in the concurrent private placement at an assumed initial public offering price of US$14.50 per ADS, the mid-point of the estimated range of the initial public offering price shown on the front cover of this prospectus.

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

	As of March 31, 2020(1)					
	Actual		Pro Forma		Pro Forma As-adjusted(2)	
	RMB	US$	RMB	US$	RMB	US$
	(in thousands)					
Non-current liabilities:						
Long-term borrowings	33,251	4,696	33,251	4,696	33,251	4,696
Mezzanine equity:						
Series A convertible preferred shares (par value of US$0.0002 per share; 33,304,544 shares authorized, 33,300,105 shares issued and outstanding on an actual basis, and none outstanding on a pro forma or a pro forma as adjusted basis)	190,927	26,964	—	—	—	—
Series B convertible preferred shares (par value of US$0.0002 per share; 12,768,717 shares authorized, 12,768,717 shares issued and outstanding on an actual basis, and none outstanding on a pro forma or a pro forma as adjusted basis)	477,545	67,442	—	—	—	—

	As of March 31, 2020(1)					
	Actual		Pro Forma		Pro Forma As-adjusted(2)	
	RMB	US$	RMB	US$	RMB	US$
	(in thousands)					
Series C convertible preferred shares (par value of US$0.0002 per share; 15,719,229 shares authorized, 15,719,229 shares issued and outstanding on an actual basis, and none outstanding on a pro forma or pro forma as adjusted basis)	1,174,560	165,880	—	—	—	—
Total mezzanine equity	1,843,032	260,286	—	—	—	—
Shareholders' deficit:						
Ordinary shares (par value of US$0.0002 per share; 188,207,510 shares authorized, 25,031,575 shares issued and outstanding on an actual basis, and none outstanding on a pro forma or pro forma as adjusted basis)	31	5	—	—	—	—
Class A ordinary shares (par value of US$0.0002 per share; none outstanding on an actual basis, 69,439,535 issued and outstanding on a pro forma basis; 84,663,673 issued and outstanding on a pro forma as adjusted basis)	—	—	90	14	111	16
Class B ordinary shares (par value of US$0.0002 per share; none outstanding on an actual basis, 17,324,848 issued and outstanding on a pro forma basis, and 17,324,848 issued and outstanding on a pro forma as adjusted basis)	—	—	21	3	21	3
Additional paid-in capital(2)	49,806	7,034	1,889,038	266,783	3,327,623	469,951
Accumulated deficits	(1,025,324)	(144,803)	(1,025,104)	(144,772)	(1,025,104)	(144,772)
Accumulated other comprehensive loss	20,721	2,926	20,721	2,926	20,721	2,926
Total shareholders' deficit	(954,766)	(134,838)	884,766	124,954	2,323,372	328,124
Total capitalization(3)	921,517	130,144	918,017	129,650	2,356,623	332,820

(1) The numbers of shares authorized, issued and outstanding presented above as of March 31, 2020 have retroactively reflected the 2-for-1 reverse share split that we effected in January 2020.

(2) The pro forma as-adjusted information discussed above is illustrative only. Our total shareholders' deficit and total capitalization following the completion of this offering and the concurrent private placement are subject to adjustment based on the actual initial public offering price and other terms of this offering determined at pricing.

(3) Assuming the number of ADSs offered by us as set forth on the cover page of this prospectus remains the same, and after deduction of underwriting discounts and commissions and the estimated offering expenses payable by us, a US$1.00 change in the assumed initial public offering price of US$14.50 per ADS (the midpoint of the estimated initial public offering price range set forth on the front cover of this prospectus) would, in the case of an increase, increase and, in the case of a decrease, decrease each of additional paid-in capital, total shareholders' deficit and total capitalization by US$14.3 million.

DILUTION

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

Our net tangible book value as of March 31, 2020 was approximately RMB888.0 million (US$125.4 million), or US$5.01 per ordinary share and US$5.01 per ADS. Net tangible book value represents the amount of our total consolidated tangible assets, less the amount of our total consolidated liabilities. Pro forma net tangible book value per ordinary share is calculated after giving effect to (i) the repurchase of 55,243 Series C preferred shares on May 8, 2020; and (ii) the automatic conversion of all of our outstanding preferred shares on a one-for-one basis and subject to anti-dilution adjustments set forth in the shareholders agreement. Dilution is determined by subtracting net tangible book value per ordinary share, after giving effect to the additional proceeds we will receive from this offering and the concurrent private placement, from the assumed initial public offering price of US$14.50 per ordinary share, which is the midpoint of the estimated initial public offering price range set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. Because Class A ordinary shares and Class B ordinary shares have the same dividend and other rights, except for voting and conversion rights, the dilution is presented based on all issued and outstanding ordinary shares, including Class A ordinary shares and Class B ordinary shares.

Without taking into account any other changes in net tangible book value after March 31, 2020, other than to give effect to (i) the repurchase of 55,243 Series C preferred shares on May 8, 2020, (ii) the automatic conversion of all of our issued and outstanding ordinary and preferred shares into Class A ordinary shares and Class B ordinary shares upon completion of this offering, (iii) our sale of the ADSs offered in this offering and (iv) the sale of 1,724,138 Class A ordinary shares in the concurrent private placement at the assumed initial public offering price of US$14.50 per ADS, which is the midpoint of the estimated range of the initial public offering price, after deduction of the underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as-adjusted net tangible book value as of March 31, 2020 would have been US$328.1 million, or US$3.22 per ordinary share and US$3.22 per ADS. This represents an immediate increase in net tangible book value of US$1.78 per ordinary share and US$1.78 per ADS to the existing shareholders and an immediate dilution in net tangible book value of US$11.28 per ordinary share and US$11.28 per ADS to investors purchasing ADSs in this offering. The following table illustrates such dilution:

	Per Ordinary Share	Per ADS
Assumed initial public offering price	US$14.50	US$14.50
Net tangible book value as of March 31, 2020	US$5.01	US$5.01
Pro forma net tangible book value after giving effect to the conversion of our preferred shares and the repurchase of Series C preferred shares	US$1.44	US$1.44
Pro forma as-adjusted net tangible book value after giving effect to the conversion of our preferred shares, the repurchase of Series C preferred shares, this offering, and the concurrent private placement	US$3.22	US$3.22
Amount of dilution in net tangible book value to new investors in this offering	US$11.28	US$11.28

A US$1.00 increase (decrease) in the assumed initial public offering price of US$14.50 per ADS would increase (decrease) our pro forma as-adjusted net tangible book value after giving effect to this offering and the concurrent private placement by US$14.3 million, the pro forma as-adjusted net tangible book value per ordinary share and per ADS after giving effect to this offering and the concurrent private placement by US$0.14 per ordinary share and US$0.14 per ADS and the dilution in pro forma as-adjusted net tangible book value per ordinary share and per ADS to new investors in this offering by US$0.86 per ordinary share and US$0.86 per ADS, assuming no change to the number of ADSs offered by us as set forth on the cover page of this prospectus, and after deducting underwriting discounts and commissions and other offering expenses.

The following table sets forth, on a pro forma as-adjusted basis as of March 31, 2020, the differences between existing shareholders, concurrent private placement investor and the new investors with respect to the number of ordinary shares (represented by ADSs or shares) purchased from us, the total consideration paid and the average price per ordinary share and per ADS paid before deducting the underwriting discounts and commissions and estimated offering expenses. 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		Total consideration		Average price per ordinary share	Average price per ADS
	Number	Percent	Amount (in thousands of US$)	Percent		
Existing shareholders	86,764,383	85.1%	224,197	50.4%	US$2.58	US$2.58
Investor purchasing shares in the Concurrent Private Placement	1,724,138	1.7%	25,000	5.6%	US$14.50	US$14.50
New investors	13,500,000	13.2%	195,750	44.0%	US$14.50	US$14.50
	101,988,521	100.0%	444,947	100.0%		

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

The discussion and tables above assume no exercise of any outstanding share options outstanding as of the date of this prospectus. As of the date of this prospectus, there are 2,442,209 ordinary shares issuable upon exercise of outstanding share options at a weighted average exercise price of US$1.5099 per share, and there are ordinary shares available for future issuance upon the exercise of future grants of share incentive awards. To the extent that any of these options are exercised, there will be further dilution to new investors. Our net tangible book value following the completion of this offering is subject to adjustment based on the actual initial public offering price of the ADSs and other terms of this offering determined at pricing.

ENFORCEABILITY OF CIVIL LIABILITIES

We are incorporated in the Cayman Islands to take advantage of certain benefits associated with being a Cayman Islands exempted company, such as:

- political and economic stability;
- an effective judicial system;
- a favorable tax system;
- the absence of exchange control or currency restrictions; and
- the availability of professional and support services.

However, certain disadvantages accompany incorporation in the Cayman Islands. These disadvantages include, but are not limited to:

- the Cayman Islands has a less developed body of securities laws as compared to the U.S.; and these securities laws provide significantly less protection to investors as compared to the U.S.; and
- Cayman Islands companies may not have standing to sue before the federal courts of the U.S.

Our constituent documents do not contain provisions requiring that disputes, including those arising under the securities laws of the U.S., between us, our officers, directors and shareholders, be arbitrated.

Substantially all of our operations are conducted in China, and substantially all of our assets are located in China. Most of our directors and executive officers are nationals or residents of jurisdictions other than the U.S., and most of their assets are located outside the U.S. As a result, it may be difficult for a shareholder to effect service of process within the U.S. upon these individuals, or to bring an action against us or against these individuals in the U.S., in the event that you believe that your rights have been infringed under the securities laws of the U.S. or any state in the U.S.

We have appointed Cogency Global Inc., located at 122 East 42nd Street, 18th Floor, New York, NY10168, as our agent to receive service of process with respect to any action brought against us in the U.S. District Court for the Southern District of New York in connection with this offering under the federal securities laws of the U.S. or the securities laws of any State in the U.S. or any action brought against us in the Supreme Court of the State of New York in the County of New York in connection with this offering under the securities laws of the State of New York.

Maples and Calder (Hong Kong) LLP, our counsel as to Cayman Islands law, and Shihui Partners, our counsel as to PRC law, have advised us, respectively, that there is uncertainty as to whether the courts of the Cayman Islands and China, respectively, would:

- recognize or enforce judgments of U.S. courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the U.S. or any state in the U.S.; or
- entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the securities laws of the U.S. or any state in the U.S.

We have been advised by our Cayman Islands legal counsel, Maples and Calder (Hong Kong) LLP, that the courts of the Cayman Islands are unlikely (i) to recognize or enforce against us judgments of courts of the U.S. predicated upon the civil liability provisions of the securities laws of the U.S. or any State; and (ii) in original actions brought in the Cayman Islands, to impose liabilities against us predicated upon the civil liability provisions of the securities laws of the U.S. or any State, so far as the liabilities imposed by those provisions are

penal in nature. The courts of the Cayman Islands would recognize as a valid judgment, a final and conclusive judgment in personam obtained in the United Courts against our company under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) or, in certain circumstances, an in personam judgment for non-monetary relief, and would give a judgment based thereon provided that (a) such courts had proper jurisdiction over the parties subject to such judgment, (b) such courts did not contravene the rules of natural justice of the Cayman Islands, (c) such judgment was not obtained by fraud, (d) the enforcement of the judgment would not be contrary to the public policy of the Cayman Islands, (e) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of the Cayman Islands, and (f) there is due compliance with the correct procedures under the laws of the Cayman Islands. A Cayman Islands Court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

Shihui Partners has further advised us that the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements, public policy considerations and conditions set forth in applicable provisions of PRC laws relating to the enforcement of civil liability, including 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. In addition, according to the PRC Civil Procedures Law, courts in the PRC will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC law or national sovereignty, security or 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 U.S. or the Cayman Islands.

CORPORATE HISTORY AND STRUCTURE

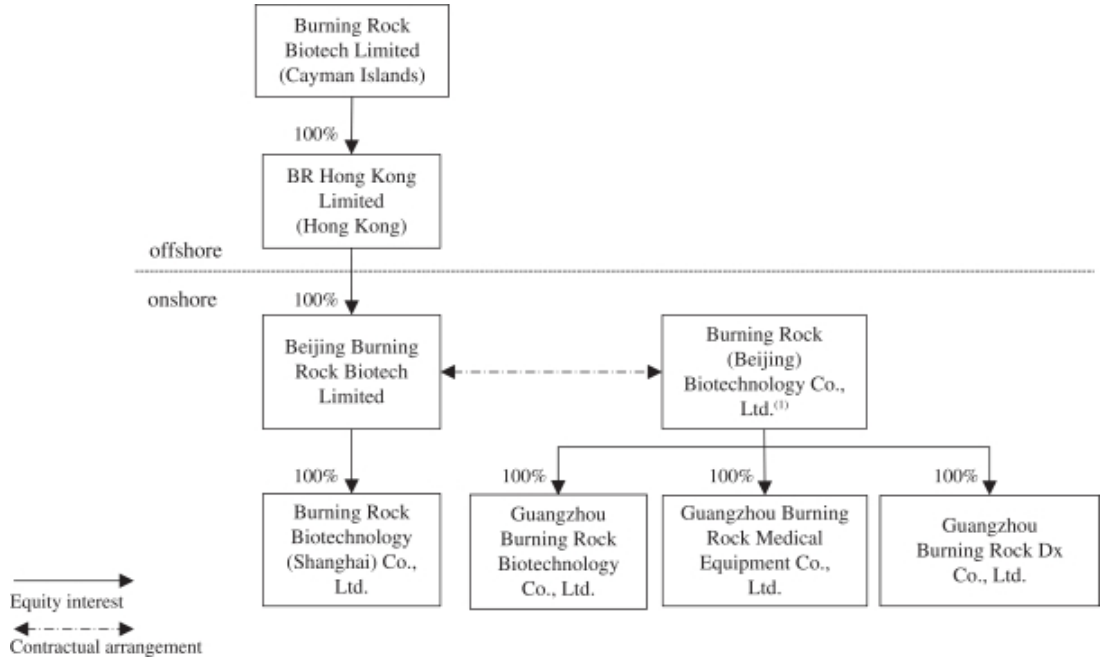
Corporate History

We commenced our operation in January 2014 through Burning Rock (Beijing) Biotechnology Co., Ltd., a PRC company. In March 2014, we incorporated Burning Rock Biotech Limited in the Cayman Islands as our offshore holding company in order to facilitate foreign investment in our company. Subsequently, we established BR Hong Kong Limited as our intermediate holding company in April 2014, which in turn established a wholly-owned PRC subsidiary, Beijing Burning Rock Biotech Limited, our WFOE, in June 2014. In the same month, our WFOE entered into a series of contractual arrangements with Burning Rock (Beijing) Biotech Limited and its then shareholders, and Burning Rock (Beijing) Biotechnology Co., Ltd. became our variable interest entity, or VIE. These contractual arrangements were amended and restated in October 2019. See "—Contractual Arrangements."

We conduct our NGS-based cancer therapy selection business primarily through the wholly-owned subsidiaries of our VIE, Guangzhou Burning Rock Dx Co., Ltd. and Guangzhou Burning Rock Medical Equipment Co., Ltd., which were established in March 2014 and January 2015, respectively.

Corporate Structure

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



(1) Shareholders of Burning Rock (Beijing) Biotechnology Co., Ltd., our VIE, include (i) Mr. Yusheng Han, our founder, chairman of the board of directors and chief executive officer, who holds 45.9% of the equity interests in our VIE, (ii) Mr. Xia Nan, an affiliate of Northern Light Venture Capital III, Ltd., who holds 18.1% of the equity interests in our VIE, (iii) Mr. Gang Lu, our director, and Mr. Jin Zhao, our former director, who hold 7.1% and 8.8% of the equity interests in our VIE, respectively, (iv) Growth No. 12 Investment (Shenzhen) Partnership (Limited Partnership), an affiliate of a principal shareholder, which holds 6.0% of the equity interests in our VIE, and (v) seven minority shareholders, who in aggregate hold 14.1% of the equity interests in our VIE, including Dr. Shaokun (Shannon) Chuai, our chief operating officer.

Contractual Arrangements

Investment in China by foreign investors is subject to certain restriction under PRC laws and regulations, in particular, the Catalog of Industries for Encouraging Foreign Investment, and the Special Administrative Measures on Access of Foreign Investment (2019 Edition), or the Negative List. Industries not listed in the Negative List are generally permitted and open to foreign investment, unless specifically prohibited or restricted by the PRC laws and regulations. While foreign investors are given access to the medical device industry according to Negative list, foreign ownership is prohibited in businesses involving the development and application of genomic diagnosis and treatment technology. We are a company incorporated in the Cayman Islands, and, as a result, our subsidiaries in China are considered foreign-owned enterprises. To comply with the PRC laws and regulations described above, we primarily conduct our business in China through our VIE and its subsidiaries in China, based on a series of contractual arrangements among the VIE, its shareholders and our WFOE.

Agreement that Allows Us to Receive Economic Benefits from the VIE

Exclusive Business Cooperation Agreement

Pursuant to the exclusive business cooperation agreement, as amended and restated on October 21, 2019, which was entered into between the WFOE and the VIE, WFOE or its designated party has the exclusive right to provide the VIE with business support, technology service, consulting service and other services. In exchange for these services, the VIE will pay a service fee, equal to the VIE's profit before tax, after recovering any accumulated losses of the VIE and its subsidiaries from the preceding fiscal year, and deducting working capital, expenses, tax and a reasonable amount of operating profit according to applicable tax law principles and tax practice. Without the prior written consent of the WFOE, the VIE may not accept any services covered by this agreement from any third party, and may not cooperate with any third party in respect of the same. The WFOE will exclusively own the proprietary rights, ownership, interests and intellectual property rights produced or created in connection with the performance of this agreement. Unless terminated by the WFOE, this agreement will remain effective for ten years. The WFOE may at its sole discretion unilaterally extend the term of this agreement prior to its expiration upon notice to the VIE.

Agreement that Provides Us with Options to Purchase the Equity Interests in and Assets of the VIE

Exclusive Option Agreement

Pursuant to the exclusive option agreement, as amended and restated on October 21, 2019, which was entered into among the WFOE, the VIE and its shareholders, the shareholders of the VIE have irrevocably and unconditionally granted the WFOE or its designated party an exclusive option, where permitted by the PRC law, to purchase all or any portion of their respective equity interests in the VIE. The purchase price for any equity interest upon exercise of this option will be calculated as then registered capital of the VIE multiplied by the percentage of such equity interest in proportion to the total equity of the VIE. However, if applicable PRC law contains compulsory requirement regarding transfer of equity interest, the WFOE or any third party designated by the WFOE is entitled to pay the lowest price permitted by the PRC law as purchase price. In addition, pursuant to this agreement, the VIE has irrevocably and unconditionally granted the WFOE or its designated party an exclusive option, where permitted by applicable PRC law, to purchase all or any portion of its assets. The purchase price upon exercise of this option will be the higher of (i) the net book value of the assets to be purchased or (ii) the lowest price permitted by applicable PRC law.

Without the prior written consent of the WFOE, the shareholders of the VIE may not, in any manner, supplement, modify or amend the articles of associations and by-laws of the VIE; increase or reduce its registered capital or change the structure of registered capital in other manners; sell, transfer, pledge or dispose of its assets, legal or beneficial interests in business or revenue or allow any encumbrance on the same; assume, inherit, guarantee any debt, or allow the existence of any debt, except for debts incurred in the ordinary course of

business and debts known and agreed in writing by the WFOE; cause the VIE to enter into any material contract outside the ordinary course of business; cause the VIE to provide loans, credits or guarantees in any form to any other persons; cause or permit the VIE to merge, consolidate with, acquire or invest in any other persons, or acquired or invested by any other persons; cause the VIE to liquidate, dissolve or de-registrate; request the VIE to distribute dividends to its shareholders, or propose or vote in favor of any shareholders' resolution for such distribution of dividends. This agreement will remain effective until all equity interests in the VIE held by its shareholders has been transferred to the WFOE or its designated party in accordance with provisions of this agreement. The WFOE may at its sole discretion unilaterally terminate this agreement prior to its expiration upon notice to the VIE.

Agreements that Provide Us with Effective Control over the VIE

Equity Interest Pledge Agreement

Pursuant to the equity interest pledge agreement, as amended and restated on October 21, 2019, which was entered into among WFOE, the VIE and its shareholders, each shareholder of the VIE has pledged all of its respective equity interests in the VIE to the WFOE to guarantee the performance of the VIE and its shareholders of their respective obligations under the exclusive business cooperation agreement, the exclusive option agreement, the agreement for power of attorney as well as their respective liabilities arising from any breach of any obligation thereunder. If the VIE or any of its shareholders breaches any obligation under these agreements, the WFOE, as pledgee, may dispose of the pledged equity interest and have priority to be compensated by the proceeds from the disposal of such equity. Each of the shareholders of the VIE agrees that before its obligations under these agreements are discharged and the amounts payable under these agreements are fully paid, it will not dispose of the pledged equity interest, create or allow any encumbrance on the pledged equity interest without the prior written consent of the WFOE. The equity interest pledge agreement will remain effective until the VIE and its shareholders have discharged all their obligations and fully paid all the amounts payable under these agreements. We completed the registration of the pledge of equity interest with the relevant office of the State Administration for Market Regulation on November 25, 2019 in accordance with applicable PRC law and regulations.

Agreement for Power of Attorney

Pursuant to the agreement for power of attorney, as amended and restated on October 21, 2019, which was entered into among the WFOE, the VIE and its shareholders, each shareholder of the VIE irrevocably authorizes the WFOE or its designated person to act as the attorney-in-fact to exercise all such shareholder's voting and other rights associated with the shareholder's equity interests in the VIE, such as the right to appoint or remove directors, supervisors and officers, as well as the right to sell, transfer, pledge or dispose of all or any portion of the equity interests held by such shareholder, or of the assets held by the VIE. The parties have agreed that the WFOE is entitled to unilaterally amend, modify or supplement this agreement for power of attorney and the other parties will cooperate where there is a request in respect of the same by the WFOE. This agreement for power of attorney will remain effective until it is terminated by the WFOE.

Spousal Consent Letters

The spouses of Yusheng Han, Gang Lu, Zhigang Wu, Dan Zhou, Peijing Si, Dong Yin and Jin Zhao each signed a spousal consent letter on October 21, 2019. Under these letters, each signing spouse has agreed that he or she is aware of the equity interests beneficially owned by his or her spouse in the VIE and the relevant contractual arrangements in connection with such equity interests. Each signing spouse has unconditionally and irrevocably confirmed that he or she does not have any equity interest in the VIE and will not take any action that may interfere with the contractual arrangement including any claims in respect of the equity interests held by his or her spouse. Each signing spouse has further confirmed that in any event he or she is conferred with any equity interest, he or she is willing to be bound by the relevant contractual arrangements unconditionally as if being a party thereof, and undertakes to take all necessary measures for the performance of those arrangements.

Financial Support Undertaking Letter

Pursuant to the financial support undertaking letter addressed to our VIE, dated October 21, 2019, we undertake to provide unlimited financial support to our VIE to the extent permissible under the applicable PRC laws and regulations, regardless of whether our VIE has incurred an operational loss. The form of financial support includes but is not limited to cash, entrusted loans and borrowings. We will not request repayment of any outstanding loans or borrowings from our VIE if it or its shareholders do not have sufficient funds or are unable to repay such loans or borrowings. The letter is effective until the earlier of (i) the date on which all of the equity interests of our VIE have been acquired by us or our designee, and (ii) the date on which we, in our sole and absolute discretion, unilaterally terminates the applicable financial support undertaking letter.

Voting Proxy Agreement

Pursuant to the voting proxy agreement entered into between our company and our WFOE, dated October 21, 2019, our WFOE irrevocably and unconditionally undertakes to exercise its rights under the agreement for power of attorney, as amended and restated on October 21, 2019, by and among our WFOE, our VIE and its shareholders, in accordance with our company's instruction.

In the opinion of Shihui Partners, our PRC counsel:

- the ownership structure of our VIE and our WFOE in China, currently and immediately after this offering, does not violate any applicable PRC laws or regulations currently in effect; and
- the contractual arrangements among our WFOE, VIE and the shareholders of our VIE governed by PRC law are valid, binding and enforceable in accordance with their terms and applicable PRC laws or regulations currently in effect and, both currently and immediately after this offering, do not and will not violate any applicable PRC laws or regulations currently in effect.

However, there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules. Accordingly, the PRC regulatory authorities may in the future take a view that is contrary to or otherwise different from the above opinion of our PRC legal counsel. See "Risk Factors—Risks Relating to Our Corporate Structure—If the PRC government finds that the agreements that establish the structure for operating our businesses in China do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change, we could be subject to severe penalties or be forced to relinquish our interests in those operations" and "Risk Factors—Risks Relating to Doing Business in the PRC—Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us." for more details.

SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

The following selected consolidated statements of comprehensive loss data and consolidated statements of cash flow data for the years ended December 31, 2017, 2018 and 2019, and consolidated balance sheets data as of December 31, 2018 and 2019 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. The following selected consolidated statements of comprehensive loss data and consolidated statements of cash flow data for the three months ended March 31, 2019 and 2020, and consolidated balance sheet data as of March 31, 2020 have been derived from our unaudited condensed consolidated interim financial statements included elsewhere in this prospectus. Our consolidated financial statements are prepared and presented in accordance with U.S. GAAP. Our historical results are not necessarily indicative of results expected for future periods. 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.

	Year ended December 31,				Three months ended March 31,		
	2017	2018	2019		2019	2020	
	RMB	RMB	RMB	US$	RMB	RMB	US$
					(unaudited)	(unaudited)	
	(in thousands, except for per share and share data)						
Selected Consolidated Statements of Comprehensive Loss Data:							
Revenues	111,166	208,867	381,677	53,903	104,465	67,329	9,509
Cost of revenues	(39,470)	(73,808)	(108,343)	(15,301)	(26,353)	(22,545)	(3,184)
Gross profit	71,696	135,059	273,334	38,602	78,112	44,784	6,325
Operating expenses:							
Research and development expenses	(49,022)	(105,299)	(156,935)	(22,163)	(31,427)	(40,016)	(5,651)
Selling and marketing expenses	(67,505)	(102,857)	(153,334)	(21,655)	(26,690)	(29,815)	(4,211)
General and administrative expenses	(76,036)	(88,299)	(132,157)	(18,664)	(31,565)	(34,295)	(4,843)
Total operating expenses	(192,563)	(296,455)	(442,426)	(62,482)	(89,682)	(104,126)	(14,705)
Loss from operations	(120,867)	(161,396)	(169,092)	(23,880)	(11,570)	(59,342)	(8,380)
Interest (expense) income, net	(9,861)	(16,612)	2,172	307	(4,082)	2,807	396
Other expense, net	(32)	(488)	(883)	(125)	(176)	(151)	(21)
Foreign exchange (loss) gain, net	(515)	999	1,486	210	(101)	611	86
Change in fair value of warrant liability	—	—	(2,839)	(401)	64	3,503	495
Loss before income tax	(131,275)	(177,497)	(169,156)	(23,889)	(15,865)	(52,572)	(7,424)
Income tax expenses	—	—	—	—	—	—	—
Net loss	(131,275)	(177,497)	(169,156)	(23,889)	(15,865)	(52,572)	(7,424)
Net loss attributable to Burning Rock Biotech Limited's shareholders	(131,275)	(177,497)	(169,156)	(23,889)	(15,865)	(52,572)	(7,424)
Accretion of convertible preferred shares	(53,276)	(54,849)	(165,011)	(23,304)	(50,296)	(26,288)	(3,713)
Net loss attributable to ordinary shareholders	(184,551)	(232,346)	(334,167)	(47,193)	(66,161)	(78,860)	(11,137)
Loss per share[(1)]:							
Basic and diluted	(10.20)	(10.38)	(14.23)	(2.01)	(2.86)	(3.15)	(0.44)
Weighted average shares outstanding used in loss per share computation[(1)]:							
Basic and diluted	18,089,102	22,378,876	23,483,915	23,483,915	23,167,232	25,031,575	25,031,575

(1) In January 2020, we effected a 2-for-1 reverse share split. The amounts of loss per share and weighted average shares outstanding used in loss per share computation have been retroactively adjusted to reflect the reverse share split for all periods presented.

	As of December 31,			As of March 31, 2020	
	2018	2019			
	RMB	RMB	US$	RMB	US$
			(in thousands)	(unaudited)	
Selected Consolidated Balance Sheets Data:					
Cash and cash equivalents	93,341	94,235	13,309	363,552	51,343
Total current assets	292,989	706,787	99,818	932,279	131,663
Total assets	372,674	847,557	119,699	1,069,055	150,979
Total current liabilities	284,698	164,442	23,225	143,037	20,199
Total liabilities	380,018	212,018	29,944	180,789	25,531
Total mezzanine equity	596,118	1,527,033	215,658	1,843,032	260,286
Total shareholders' deficit	(603,462)	(891,494)	(125,903)	(954,766)	(134,838)

	Year ended December 31,				Three months ended March 31,		
	2017	2018	2019		2019	2020	
	RMB	RMB	RMB	US$	RMB	RMB	US$
				(in thousands)	(unaudited)	(unaudited)	
Selected Consolidated Statements of Cash Flow Data:							
Net cash used in operating activities	(133,701)	(148,780)	(228,041)	(32,207)	(105,518)	(6,956)	(982)
Net cash (used in) generated from investing activities	(191,077)	106,091	(346,660)	(48,956)	(174,776)	(3,613)	(511)
Net cash generated from financing activities	354,166	83,393	571,735	80,744	590,446	272,228	38,445
Effect of exchange rate on cash and cash equivalents and restricted cash	(11,406)	(159)	5,876	830	2,381	4,641	656
Net increase in cash and cash equivalents and restricted cash	17,982	40,545	2,910	411	312,533	266,300	37,608
Cash and cash equivalents and restricted cash at beginning of year/period	36,807	54,789	95,334	13,464	95,334	98,244	13,875
Cash and cash equivalents and restricted cash at end of year/period	54,789	95,334	98,244	13,875	407,867	364,544	51,483

Selected Operating Data

The table below sets forth our selected operating data for the years ended December 31, 2017, 2018 and 2019 and the three months ended March 31, 2019 and 2020:

	Year ended December 31,			Three months ended March 31,	
	2017	2018	2019	2019	2020
Central Laboratory Model:					
Number of patients tested	9,464	15,821	23,075	5,336	4,680
Number of ordering physicians(1)	777	1,135	1,632	984	810
Number of ordering hospitals(2)	207	263	335	249	232

(1) Represents physicians who on average order at least one test from us every month during a relevant period under the central laboratory model.
(2) Represents hospitals whose residing physicians who on average order at least one test from us every month during a relevant period under the central laboratory model.

The table below sets forth our selected operating data as of December 31, 2016, 2017, 2018, 2019 and March 31, 2020:

	As of December 31,				As of March 31,
	2016	2017	2018	2019	2020
In-hospital Model:					
Pipeline partner hospitals(1)	7	12	14	21	23
Contracted partner hospitals(2)	2	4	12	19	21
Total number of partner hospitals	9	16	26	40	44

(1) Refers to hospitals that have established in-hospital laboratories, completed laboratory equipment installation and commenced pilot testing using our products. According to CIC, it generally takes 12 to 30 months for hospitals to progress from pipeline partner hospitals to contracted partner hospitals, which generate recurring revenue from the sale of reagent kits.
(2) Refers to hospitals that have entered into contracts to purchase our products for use on a recurring basis in their respective in-hospital laboratories we helped them establish.

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 in conjunction with the section entitled "Selected Consolidated Financial and Operating Data" and our consolidated financial statements and related notes included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties about our business and operations. Our actual results may differ materially from those we currently anticipate as a result of many factors, including those we describe under "Risk Factors" and elsewhere in this prospectus. For a discussion of forward-looking statements, see "Special Note Regarding Forward-Looking Statements."

Overview

We aim to transform precision oncology and early cancer detection. We are China's number one NGS-based cancer therapy selection company, as evidenced by the largest market share of 26.7% in China's NGS-based cancer therapy selection market in terms of number of patients tested in 2019, according to CIC. Our cancer therapy selection platform is built upon our advanced proprietary technologies, comprehensive portfolio of products and a two-pronged market-driven commercial infrastructure addressing both larger hospitals through our in-hospital model and smaller hospitals through our central laboratory model.

We primarily offer cancer therapy selection tests under our central laboratory model, where our central laboratory processes cancer patients' tissue and liquid biopsy samples delivered to us from hospitals across China and issues test reports. In 2017, 2018, 2019 and the three months ended March 31, 2020, 9,464, 15,821, 23,075 and 4,680 patients took our tests, respectively. In 2017, 2018, 2019 and the three months ended March 31, 2020, revenue from sale of cancer therapy selection tests under our central laboratory model contributed 79.1%, 77.3%, 72.4% and 68.6% of our total revenues, respectively.

In 2016, we became China's first NGS-based cancer therapy selection company to offer an in-hospital model, providing turn-key solutions to address Chinese hospitals' challenges in adopting NGS-based cancer therapy selection. Under this model, we have partnered with 44 Class III Grade A hospitals to establish in-hospital laboratories, enabling our partner hospitals to perform NGS-based cancer therapy selection on their own using our reagent kits. In 2017, 2018, 2019 and the three months ended March 31, 2020, revenue from fees we received for facilitating the hospitals' purchases of laboratory equipment and sales of reagent kits under the in-hospital model contributed 9.7%, 15.9%, 23.0% and 25.4% of our total revenues, respectively.

We also generate a small portion of revenue from pharma research and development services we provide to pharmaceutical companies and hospitals, which contributed 6.8%, 4.6% and 6.0% of our total revenues in 2018, 2019 and the three months ended March 31, 2020, respectively.

We have achieved rapid growth since commercializing our first cancer therapy selection test in 2014. Our revenue increased by 87.9% from RMB111.2 million in 2017 to RMB208.9 million in 2018 and further increased by 82.7% to RMB381.7 million (US$53.9 million) in 2019. Our revenue was RMB67.3 million (US$9.5 million) for the three months ended March 31, 2020. Our gross profit increased by 88.4% from RMB71.7 million in 2017 to RMB135.1 million in 2018 and further increased by 102.4% to RMB273.3 million (US$38.6 million) in 2019. Our gross profit was RMB44.8 million (US$6.3 million) for the three months ended March 31, 2020. Our gross profit margin was 64.5%, 64.7%, 71.6% and 66.5% in 2017, 2018, 2019 and the three months ended March 31, 2020, respectively. We incurred net loss of RMB131.3 million, RMB177.5 million, RMB169.2 million (US$23.9 million) and RMB52.6 million (US$7.4 million) in 2017, 2018, 2019 and the three months ended March 31, 2020, respectively.

Key Factors Affecting Our Results of Operations

We believe there are several important factors that have impacted and that we expect will continue to impact our operating performance and results of operations, including:

- market adoption of our cancer therapy selection products and services;

- testing volume and hospital coverage under our central laboratory model;
- success of our in-hospital model; and
- our ability to successfully develop early cancer detection products.

Market Adoption of Our Cancer Therapy Selection Products and Services

We currently derive substantially all of our revenues from the sale of our therapy selection tests. We expect our continued growth and business prospects to depend significantly on our ability to increase market adoption of our cancer therapy selection tests, as well as our ability to increase physician and patient awareness of cancer therapy selection in China in general. Although China's cancer genotyping industry is expected to continue to grow rapidly, cancer therapy selection companies like us face challenges in raising awareness and adoption of their products and services by physicians, patients, hospitals and others in China's medical community. Among these challenges are that cancer therapy selection tests can be prohibitively expensive and the interpretation of testing results can be time consuming and require knowledge and skills that are not yet widely available in China. We have approached these challenges by building and continually advancing a robust technology platform that we believe will allow us to address many of these challenges.

To increase the market awareness and adoption of our cancer therapy selection tests, we conduct marketing activities to educate hospitals, physicians and pharmaceutical companies on the benefits of our cancer therapy selection products and services. We also participate in research studies and clinical trials in cooperation with oncology key opinion leaders and pharmaceutical companies that validate our cancer therapy selection tests and technologies.

Testing Volume and Hospital Coverage under Our Central Laboratory Model

Our revenue and results of operations are primarily dependent on testing volume and hospital coverage under our central laboratory model. In 2017, 2018, 2019 and the three months ended March 31, 2020, revenue from sale of cancer therapy selection tests under our central laboratory model contributed 79.1%, 77.3%, 72.4% and 68.6% of our total revenues, respectively. We expect the central laboratory model to continue to contribute a significant portion of our revenue going forward. As such, our results of operations are affected, and will continue to be affected, by the volume of testing and hospital coverage under our central laboratory model. In 2017, 2018, 2019 and the three months ended March 31, 2020, 9,464, 15,821, 23,075 and 4,680 patients took our tests, respectively. To generate sufficient volumes of demand for our central laboratory business, we will need to maintain and continue to develop relationships with hospitals and physicians. We may need to hire additional sales and marketing staff to support our growth.

Success of Our In-hospital Model

Since 2016, we have been actively expanding our cancer therapy selection business under the in-hospital model, where we offer Chinese hospitals a turn-key solution that allows them to perform cancer therapy selection tests using our products in in-hospital laboratories that we help them establish.

The in-hospital segment is expected to become an increasingly important segment of China's NGS-based cancer therapy selection market. Although there are substantial challenges in getting hospitals to adopt the in-hospital model, once the in-hospital laboratories, equipment and systems are in place, we sell them our reagent kits on a recurring basis, creating high barrier to entry and high customer loyalty.

Despite the large and rapidly growing demand and higher customer loyalty, establishing in-hospital laboratories usually involves long ramp-up periods—from laboratory design, tender, laboratory equipment sourcing and system installation to ongoing training and support. Accordingly, our in-hospital model requires significant upfront investment, which in turn may affect our short-term results of operations. In addition, revenue from this model depends on our partner hospitals' clinical needs and budgets for cancer therapy selection products and services, which are beyond our control.

Our Ability to Successfully Develop Early Cancer Detection Products

Investing in the research and development of new products is critical to our long-term competitiveness. In 2016, we started our research and development on the use of targeted DNA methylation in early cancer detection. Developing early cancer detection product candidates requires a significant investment of resources over a prolonged period of time, and we expect to continue to make sustained investment in this area.

Key Components of Results of Operations

Revenues

Our revenues consist of revenues from services and revenues from sales of products, and are derived from three sources: (i) central laboratory business; (ii) in-hospital business; and (iii) pharma research and development services. The table below sets forth a breakdown of our revenues in absolute amount and as a percentage of our total revenues for the periods indicated:

	Year ended December 31, 2017							
	Central laboratory business		In-hospital business		Pharma research and development services		Total revenues	
	RMB	% of total revenues	RMB	% of total revenues	RMB	% of total revenues	RMB	% of total revenues
	(in thousands, except for%)							
Revenues from services	88,035	79.1	6,318	5.7	12,398	11.2	106,751	96.0
Revenues from sales of products	—	—	4,415	4.0	—	—	4,415	4.0
	88,035	**79.1**	**10,733**	**9.7**	**12,398**	**11.2**	**111,166**	**100.0**

	Year ended December 31, 2018							
	Central laboratory business		In-hospital business		Pharma research and development services		Total revenues	
	RMB	% of total revenues	RMB	% of total revenues	RMB	% of total revenues	RMB	% of total revenues
	(in thousands, except for%)							
Revenues from services	161,458	77.3	4,506	2.2	14,223	6.8	180,187	86.3
Revenues from sales of products	—	—	28,680	13.7	—	—	28,680	13.7
	161,458	**77.3**	**33,186**	**15.9**	**14,223**	**6.8**	**208,867**	**100.0**

	Year ended December 31, 2019											
	Central laboratory business			In-hospital business			Pharma research and development services			Total revenues		
	RMB	US$	% of total revenues	RMB	US$	% of total revenues	RMB	US$	% of total revenues	RMB	US$	% of total revenues
	(in thousands, except for %)											
Revenues from services	276,254	39,014	72.4	(1,476)	(208)	(0.4)	17,745	2,506	4.6	292,523	41,312	76.6
Revenues from sales of products	—	—	—	89,154	12,591	23.4	—	—	—	89,154	12,591	23.4
	276,254	**39,014**	**72.4**	**87,678**	**12,383**	**23.0**	**17,745**	**2,506**	**4.6**	**381,677**	**53,903**	**100.0**

	Three months ended March 31, 2019 (unaudited)							
	Central laboratory business		In-hospital business		Pharma research and development services		Total revenues	
	RMB	% of total revenues	RMB	% of total revenues	RMB	% of total revenues	RMB	% of total revenues
	(in thousands, except for %)							
Revenues from services	72,807	69.7	(475)	(0.5)	5,101	4.9	77,433	74.1
Revenues from sales of products	—	—	27,032	25.9	—	—	27,032	25.9
	72,807	**69.7**	**26,557**	**25.4**	**5,101**	**4.9**	**104,465**	**100.0**

	Three months ended March 31, 2020 (unaudited)											
	Central laboratory business			In-hospital business			Pharma research and development services			Total revenues		
	RMB	US$	% of total revenues	RMB	US$	% of total revenues	RMB	US$	% of total revenues	RMB	US$	% of total revenues
	(in thousands, except for %)											
Revenues from services	46,141	6,517	68.6	193	27	0.3	4,065	574	6.0	50,399	7,118	74.9
Revenues from sales of products	—	—	—	16,930	2,391	25.1	—	—	—	16,930	2,391	25.1
	46,141	**6,517**	**68.6**	**17,123**	**2,418**	**25.4**	**4,065**	**574**	**6.0**	**67,329**	**9,509**	**100.0**

Central laboratory business

Central laboratory business revenue is generated from sales of our cancer therapy selection tests to individual patients. Patients pay us for these tests with out-of-pocket payments after their physicians have ordered our tests. We recognize revenue upon the delivery of test reports to the individual patients.

In-hospital business

Under our in-hospital business, we (i) in some instances facilitate the hospitals' procurement of laboratory equipment required to set up their in-hospital laboratories, for which we charge a fee, and (ii) sell our reagent kits to hospitals for them to perform cancer therapy selection testing in the in-hospital laboratories we helped them establish. Revenues from fees we receive for facilitating laboratory equipment purchases are recorded on a net basis when we have completed our facilitation services. Revenues from reagent kit sales are recorded on a gross basis when the reagent kits are delivered to hospitals.

Pharma research and development services

We provide pharmaceutical research and development services to international and domestic pharmaceutical companies primarily in relation to the development of targeted therapies and immunotherapies for various types of cancer, and to hospitals for their studies on cancer diagnosis and treatment.

Cost of Revenues

Our cost of revenues consists of cost of services and cost of goods sold and are incurred from three sources: (i) the cost of revenues for our central laboratory business, which primarily includes cost of laboratory consumables used in cancer therapy selection testing, the manufacturing cost of our reagent kits, personnel cost and depreciation and amortization, (ii) the cost of revenues for our in-hospital business, which primarily includes the cost of materials, manufacturing costs of our reagent kits and personnel cost, and (iii) the cost of revenues for pharma research and development services, which primarily includes costs of laboratory consumables used in pharma research and development services. The following table sets forth a breakdown of our cost of revenues for the periods indicated.

	Year ended December 31,				Three months ended March 31,		
	2017	2018	2019		2019	2020	
	RMB	RMB	RMB	US$	RMB (unaudited)	RMB (unaudited)	US$ (unaudited)
				(in thousands)			
Cost of revenues:							
Central laboratory business	31,160	56,241	73,689	10,407	17,897	13,707	1,936
In-hospital business	1,854	13,120	29,506	4,167	6,687	6,997	988
Pharma research and development services	6,456	4,447	5,148	727	1,769	1,841	260
Total cost of revenues	39,470	73,808	108,343	15,301	26,353	22,545	3,184

Operating Expenses

Our operating expenses include research and development expenses, selling and marketing expenses and general and administrative expenses. The following table sets forth a breakdown of these expenses for the periods indicated.

	Year ended December 31,				Three months ended March 31,		
	2017	2018	2019		2019	2020	
	RMB	RMB	RMB	US$	RMB (unaudited)	RMB (unaudited)	US$ (unaudited)
			(in thousands)				
Operating expenses:							
Research and development expenses	49,022	105,299	156,935	22,163	31,427	40,016	5,651
Selling and marketing expenses	67,505	102,857	153,334	21,655	26,690	29,815	4,211
General and administrative expenses	76,036	88,299	132,157	18,664	31,565	34,295	4,843
Total operating expenses	192,563	296,455	442,426	62,482	89,682	104,126	14,705

Research and Development Expenses

Our research and development expenses primarily consist of staff costs for personnel engaged in research and development functions, and the cost of materials in relation to our pharma research and development services and the research and development of our products. We expect that our research and development expenses will increase as we continue to invest in the research and development of our early cancer detection and cancer therapy selection products and technologies.

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of staff costs for personnel engaged in sales and marketing functions, travel and entertainment expenses and conference expenses. Base salary of our sales and marketing personnel represents a very significant portion of staff costs, with the remainder being performance-based bonuses for these personnel. We expect that our selling and marketing expenses will increase as we continue to expand our sales and marketing teams and engage in sales and marketing activities to increase the adoption and market awareness of our products.

General and Administrative Expenses

Our general and administrative expenses primarily consist of staff costs for personnel engaged in general and administrative functions, professional service fees, depreciation and amortization and travel and office expenses. We expect our general and administrative expenses to continue increasing to support our business growth, but we expect that they will eventually decrease as a percentage of our revenues as we achieve increased economies of scale.

Taxation

Cayman Islands

We are an exempted company incorporated in the Cayman Islands. The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation, and there is currently no estate duty, inheritance tax or gift tax. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties that may be applicable on instruments executed in, or after execution brought within, the jurisdiction of the Cayman Islands.

Hong Kong

Before April 1, 2018, our subsidiary incorporated in Hong Kong was subject to Hong Kong profit tax at a rate of 16.5%. Since April 1, 2018, our subsidiary incorporated in Hong Kong has been subject to Hong Kong profit tax at a rate of 8.25% on assessable profits up to HK$2,000,000 and 16.5% on any part of assessable profits over HK$2,000,000. Hong Kong has an anti-fragmentation measure under which a corporate group must nominate only one company in the group to benefit from the progressive rates. No Hong Kong profit tax has been levied on us as we did not have assessable profit that was earned in or derived from our Hong Kong subsidiary in 2017, 2018, 2019 or the three months ended March 31, 2020. Hong Kong does not impose a withholding tax on dividends.

China

For our operations in the PRC, we are subject to a general PRC enterprise income tax rate of 25%. Guangzhou Burning Rock Dx Co., Ltd., a subsidiary of our VIE, has been qualified as a high and new technology enterprise, or HNTE, since November 2016, and accordingly is entitled to a reduced income tax rate of 15%.

Dividends paid by our wholly foreign-owned subsidiaries in China to our intermediary holding company in Hong Kong will be subject to a withholding tax rate of 10%, unless they qualify for an exemption. If our intermediary holding company in Hong Kong satisfies all the requirements under the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and receives approval from the relevant tax authority, then dividends paid to it by our wholly foreign-owned subsidiaries in China will be subject to a withholding tax rate of 5% instead. Effective from November 1, 2015, the above-mentioned approval requirement has been abolished, but a Hong Kong entity is still required to file an application package with the relevant tax authority, and settle the overdue taxes if the preferential 5% tax rate is denied based on the subsequent review of the application package by the relevant tax authority.

If our holding company in the Cayman Islands or any of our subsidiaries outside of China is deemed to be a “resident enterprise” under the PRC Enterprise Income Tax Law, it will be subject to enterprise income tax on its worldwide income at a rate of 25%.

Pursuant to applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. We may be subject to adverse tax consequences and our consolidated results of operations may be adversely affected if the PRC tax authorities determine that the contractual arrangements among our PRC subsidiaries and their shareholders are not on an arm’s length basis and constitute favorable transfer pricing.

Results of Operations

The following table sets forth our results of operations for the periods indicated:

	Year ended December 31,							Three months ended March 31,				
	2017		2018		2019			2019		2020		
	RMB	% of Revenues	RMB	% of Revenues	RMB	US$	% of Revenues	RMB	% of Revenues	RMB	US$	% of Revenues
								(unaudited)			(unaudited)	
	(in thousands, except for %)											
Revenues:												
Revenues from services	106,751	96.0	180,187	86.3	292,523	41,312	76.6	77,433	74.1	50,399	7,118	74.9
Revenues from sales of products	4,415	4.0	28,680	13.7	89,154	12,591	23.4	27,032	25.9	16,930	2,391	25.1
Total revenues	111,166	100.0	208,867	100.0	381,677	53,903	100.0	104,465	100.0	67,329	9,509	100.0
Cost of revenues(1):												
Cost of services	(37,616)	(33.8)	(60,688)	(29.0)	(78,837)	(11,134)	(20.7)	(19,666)	(18.8)	(15,548)	(2,196)	(23.1)
Cost of goods sold	(1,854)	(1.7)	(13,120)	(6.3)	(29,506)	(4,167)	(7.7)	(6,687)	(6.4)	(6,997)	(988)	(10.4)
Total cost of revenues	(39,470)	(35.5)	(73,808)	(35.3)	(108,343)	(15,301)	(28.4)	(26,353)	(25.2)	(22,545)	(3,184)	(33.5)
Gross profit	71,696	64.5	135,059	64.7	273,334	38,602	71.6	78,112	74.8	44,784	6,325	66.5
Operating expenses:												
Research and development expenses(1)	(49,022)	(44.1)	(105,299)	(50.4)	(156,935)	(22,163)	(41.1)	(31,427)	(30.1)	(40,016)	(5,651)	(59.4)
Selling and marketing expenses(1)	(67,505)	(60.7)	(102,857)	(49.2)	(153,334)	(21,655)	(40.2)	(26,690)	(25.5)	(29,815)	(4,211)	(44.3)
General and administrative expenses(1)	(76,036)	(68.4)	(88,299)	(42.3)	(132,157)	(18,664)	(34.6)	(31,565)	(30.2)	(34,295)	(4,843)	(50.9)
Total operating expenses	(192,563)	(173.2)	(296,455)	(141.9)	(442,426)	(62,482)	(115.9)	(89,682)	(85.8)	(104,126)	(14,705)	(154.6)
Loss from operations	(120,867)	(108.7)	(161,396)	(77.2)	(169,092)	(23,880)	(44.3)	(11,570)	(11.0)	(59,342)	(8,380)	(88.1)
Interest (expense) income, net	(9,861)	(8.9)	(16,612)	(8.0)	2,172	307	0.6	(4,082)	(3.9)	2,807	396	4.2
Other expense, net	(32)	(0.0)	(488)	(0.2)	(883)	(125)	(0.2)	(176)	(0.2)	(151)	(21)	(0.2)
Foreign exchange (loss) gain, net	(515)	(0.5)	999	0.5	1,486	210	0.4	(101)	(0.1)	611	86	0.9
Change in fair value of warrant liability	—	—	—	—	(2,839)	(401)	(0.7)	64	0.1	3,503	495	5.2
Loss before income tax	(131,275)	(118.1)	(177,497)	(84.9)	(169,156)	(23,889)	(44.2)	(15,865)	(15.1)	(52,572)	(7,424)	(78.0)
Income tax expenses	—	—	—	—	—	—	—	—	—	—	—	—
Net loss	(131,275)	(118.1)	(177,497)	(84.9)	(169,156)	(23,889)	(44.2)	(15,865)	(15.1)	(52,572)	(7,424)	(78.0)

(1) Share-based compensation expenses were allocated as follows:

	Year ended December 31,				Three months ended March 31,		
	2017	2018	2019		2019	2020	
	RMB	RMB	RMB	US$	RMB	RMB	US$
					(unaudited)	(unaudited)	
	(in thousands)						
Cost of revenues	93	322	678	96	143	176	25
Research and development expenses	680	2,096	9,377	1,324	722	2,072	292
Selling and marketing expenses	299	547	1,235	174	364	253	36
General and administrative expenses	2,981	2,130	11,502	1,624	429	1,665	234
Total	**4,053**	**5,095**	**22,792**	**3,218**	**1,658**	**4,166**	**587**

Three Months Ended March 31, 2020 Compared to Three Months Ended March 31, 2019

Revenues

Our revenues decreased by 35.5% to RMB67.3 million (US$9.5 million) for the three months ended March 31, 2020 from RMB104.5 million for the same period in 2019, primarily attributable to a decrease in revenues generated from services to RMB50.4 million (US$7.1 million) for the three months ended March 31, 2020 from RMB77.4 million for the same period in 2019, and to a lesser extent, revenues from sales of products to RMB16.9 million (US$2.4 million) for the three months ended March 31, 2020 from RMB27.0 million for the same period in 2019. We derived our revenues from three sources:

- ***Central laboratory business***. Our revenue generated from central laboratory business decreased by 36.6% to RMB46.1 million (US$6.5 million) for the three months ended March 31, 2020 from RMB72.8 million for the same period in 2019, primarily due to a temporary decline in the number of patients taking our tests as a result of the COVID-19 outbreak. In the three months ended March 31, 2020, many diagnostic procedures were deferred, as hospitals and physicians across China focused their efforts on treating COVID-19 patients and containing the virus. For the three months ended March 31, 2020, 4,680 patients took our tests, compared to 5,336 patients for the same period in 2019. To a lesser extent, the decrease was due to our change of breakage estimates and recognition of breakage revenue of RMB12.7 million (US$1.8 million) in the three months ended March 31, 2019.
- ***In-hospital business***. Our revenue generated from in-hospital business decreased by 35.5% to RMB17.1 million (US$2.4 million) for the three months ended March 31, 2020 from RMB26.6 million for the same period in 2019, primarily due to a temporary decline in reagent kit sales to partner hospitals, as many of our partner hospitals deferred cancer therapy selection testing during the COVID-19 outbreak.
- ***Pharma research and development services***. Our revenue generated from pharma research and development services decreased by 20.3% to RMB4.1 million (US$0.6 million) for the three months ended March 31, 2020 from RMB5.1 million for the same period in 2019, primarily due to decreased research and development services provided to pharmaceutical companies and hospitals.

Cost of Revenues

Our cost of revenues decreased by 14.4% to RMB22.5 million (US$3.2 million) for the three months ended March 31, 2020 from RMB26.4 million for the same period in 2019. This decrease was primarily attributable to a decrease in cost of services to RMB15.5 million (US$2.2 million) for the three months ended March 31, 2020 from RMB19.7 million for the same period in 2019.

The decrease in cost of revenues from the three months ended March 31, 2019 to the same period in 2020 was primarily due to a decrease in cost of revenues for our central laboratory business, mainly as a result of the COVID-19 outbreak.

Gross Profit and Gross Margin

Our gross profit decreased by 42.7% to RMB44.8 million (US$6.3 million) for the three months ended March 31, 2020 from RMB78.1 million for the same period in 2019, primarily due to (i) the negative impact of COVID-19 on our revenue growth in the three months ended March 31, 2020, and (ii) our recognition of breakage revenue of RMB12.7 million (US$1.8 million) in the three months ended March 31, 2019. Our gross margin decreased to 66.5% for the three months ended March 31, 2020 from 74.8% for the three months ended March 31, 2019.

The table below sets forth a breakdown of our gross profit and gross profit margin for the periods indicated:

	Three months ended March 31,				
	2019		2020		
	RMB	Gross profit margin (%)	RMB	US$	Gross profit margin (%)
	(unaudited) (in thousands, except %)				
Central laboratory business	54,910	75.4	32,434	4,581	70.3
In-hospital business	19,870	74.8	10,126	1,430	59.1
Pharma research and development services	3,332	65.3	2,224	314	54.7
	78,112	74.8	44,784	6,325	66.5

Operating Expenses

Research and development expenses

Our research and development expenses increased by 27.3% to RMB40.0 million (US$5.7 million) for the three months ended March 31, 2020 from RMB31.4 million for the same period in 2019, primarily due to (i) an increase in staff cost, as we continued to expand our research and development team to support the growth of our business, and (ii) an increase in other research and development expenses related to our ongoing clinical studies.

Selling and marketing expenses

Our selling and marketing expenses increased by 11.7% to RMB29.8 million (US$4.2 million) for the three months ended March 31, 2020 from RMB26.7 million for the same period in 2019, primarily driven by the increase in staff costs, which was due to increased headcount of our sales and marketing personnel and an increase in the level of average compensation and benefits paid for our sales and marketing personnel. The increase was partially offset by a decrease in travel and conference expenses as a result of the COVID-19 outbreak.

General and administrative expenses

Our general and administrative expenses increased by 8.6% to RMB34.3 million (US$4.8 million) for the three months ended March 31, 2020 from RMB31.6 million for the same period in 2019, primarily due to (i) an increase in staff cost, which was in line with the continued growth of our business, and (ii) expenses related to the preparation of our initial public offering, partially offset by a decrease in our spending on corporate events due to the COVID-19 outbreak.

Interest (Expense) Income, Net

Our interest expense, net was RMB4.1 million for the three months ended March 31, 2019, while we had interest income, net of RMB2.8 million (US$0.4 million) for the same period in 2020. The change was primarily

attributable to (i) an increase in interest income in relation to our short-term investment, and (ii) a decrease in interest expenses, which was primarily attributable to the conversion of our convertible notes into our Series C preferred shares in January 2019.

Net Loss

As a result of the foregoing, our net loss increased to RMB52.6 million (US$7.4 million) for the three months ended March 30, 2020 from RMB15.9 million for the same period in 2019.

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Revenues

Our revenues increased by 82.7% to RMB381.7 million (US$53.9 million) for 2019 from RMB208.9 million for 2018, primarily attributable to an increase in revenues generated from services to RMB292.5 million (US$41.3 million) for 2019 from RMB180.2 million for 2018, and to a lesser extent, revenues from sales of products to RMB89.2 million (US$12.6 million) for 2019 from RMB28.7 million for 2018. We derived our revenues from three sources:

- ***Central laboratory business***. Our revenue generated from central laboratory business increased by 71.1% to RMB276.3 million (US$39.0 million) for 2019 from RMB161.5 million for 2018, primarily attributable to the continued growth of our central laboratory business. For 2019, 23,075 patients took our tests, compared to 15,821 patients for 2018.
- ***In-hospital business***. Our revenue generated from in-hospital business increased significantly to RMB87.7 million (US$12.4 million) for 2019 from RMB33.2 million for 2018, primarily attributable to the expansion of our in-hospital business. The number of our partner hospitals increased from 26 as of December 31, 2018 to 40 as of December 31, 2019.
- ***Pharma research and development services***. Our revenue generated from pharma research and development services increased by 24.8% to RMB17.7 million (US$2.5 million) for 2019 from RMB14.2 million for 2018, primarily attributable to increased research and development services provided to pharmaceutical companies and hospitals.

Cost of Revenues

Our cost of revenues increased by 46.8% to RMB108.3 million (US$15.3 million) for 2019 from RMB73.8 million for 2018. This increase was primarily attributable to an increase in cost of services to RMB78.8 million (US$11.1 million) for 2019 from RMB60.7 million for 2018, and to a lesser extent, cost of goods sold to RMB29.5 million (US$4.2 million) for 2019 from RMB13.1 million for 2018.

The increase in cost of revenues from 2018 to 2019 was primarily due to an increase in cost of revenues for our central laboratory business, which was in line with our business growth.

Gross Profit and Gross Margin

Our gross profit increased by 102.4% to RMB273.3 million (US$38.6 million) for 2019 from RMB135.1 million for 2018, primarily due to (i) the continued growth of our central laboratory business, in-hospital business and pharma research and development services, (ii) greater economies of scale, and (iii) our recognition of breakage revenue of RMB14.7 million (US$2.1 million) in 2019. Our gross margin increased to 71.6% for 2019 from 64.7% for 2018.

The table below sets forth a breakdown of our gross profit and gross profit margin for the periods indicated:

	Year ended December 31,				
	2018		2019		
	RMB	Gross profit margin (%)	RMB	US$	Gross profit margin (%)
	(in thousands, except %)				
Central laboratory business	105,217	65.2	202,565	28,608	73.3
In-hospital business	20,066	60.5	58,172	8,215	66.3
Pharma research and development services	9,776	68.7	12,597	1,779	71.0
	135,059	64.7	273,334	38,602	71.6

Operating Expenses

Research and development expenses

Our research and development expenses increased by 49.0% to RMB156.9 million (US$22.2 million) for 2019 from RMB105.3 million for 2018, primarily due to (i) an increase in staff cost, which was in line with the continued growth of our business, and (ii) an increase in cost of laboratory consumables as we conducted more clinical trials and research and development activities in 2019.

Selling and marketing expenses

Our selling and marketing expenses increased by 49.1% to RMB153.3 million (US$21.7 million) for 2019 from RMB102.9 million for 2018, primarily due to an increase in staff costs, as we continued to expand our sales and marketing teams to support the growth of our central laboratory business and in-hospital business. The number of our sales and marketing personnel increased from 212 as of December 31, 2018 to 287 as of December 31, 2019. Selling and marketing expenses as a percentage of total revenues decreased from 49.2% for 2018 to 40.2% for 2019, primarily due to our greater economies of scale, as the growth of our revenues from 2018 to 2019 outpaced the growth of staff costs.

General and administrative expenses

Our general and administrative expenses increased by 49.7% to RMB132.2 million (US$18.7 million) for 2019 from RMB88.3 million for 2018, primarily due to an increase in staff cost, which was in line with the continued growth of our business.

Interest (Expense) Income, Net

Our interest expense, net was RMB16.6 million for 2018, while we had interest income, net of RMB2.2 million (US$0.3 million) for 2019. The change was primarily due to (i) an increase in interest income in relation to our short-term investment and personal loans we advanced to two executive officers, which have been fully repaid, and (ii) a decrease in interest expenses, which was primarily attributable to the conversion of our convertible notes into our Series C preferred shares in January 2019.

Net Loss

Our net loss decreased by 4.7% to RMB169.2 million (US$23.9 million) for 2019 from RMB177.5 million for 2018, primarily due to an increase in our gross profit as mentioned above. The decrease in net loss was partially offset by our increased research and development expenses, selling and marketing expenses as well as general and administrative expenses, which was in line with the continued growth of our business.

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

Revenues

Our revenues increased by 87.9% to RMB208.9 million for 2018 from RMB111.2 million for 2017, primarily attributable to an increase in revenues generated from services to RMB180.2 million in 2018 from RMB106.8 million in 2017, and to a lesser extent, revenues from sales of products to RMB28.7 million in 2018 from RMB4.4 million in 2017. We derived our revenues from three sources:

- ***Central laboratory business***. Our revenue generated from central laboratory business increased by 83.4% to RMB161.5 million for 2018 from RMB88.0 million for 2017, primarily attributable to the continued growth of our central laboratory business. In 2018, 15,821 patients took our tests, compared to 9,464 patients in 2017.
- ***In-hospital business***. Our revenue generated from in-hospital business increased significantly to RMB33.2 million for 2018 from RMB10.7 million for 2017, primarily attributable to the expansion of our in-hospital business. The number of our partner hospitals increased from 9 as of December 31, 2016 to 16 as of December 31, 2017, and further to 26 as of December 31, 2018.
- ***Pharma research and development services***. Our revenue generated from pharma research and development services increased by 14.7% to RMB14.2 million for 2018 from RMB12.4 million for 2017, primarily attributable to increased research and development services provided to pharmaceutical companies and hospitals.

Cost of Revenues

Our cost of revenues increased by 87.0% to RMB73.8 million for 2018 from RMB39.5 million for 2017. The increase was primarily attributable to an increase in cost of services to RMB60.7 million in 2018 from RMB37.6 million in 2017, and to a lesser extent, cost of goods sold to RMB13.1 million in 2018 from RMB1.9 million in 2017.

The increase in cost of revenues from 2017 to 2018 was primarily due to an increase in cost of revenues for our central laboratory business, which was in line with our business growth.

Gross Profit and Gross Margin

Our gross profit increased by 88.4% to RMB135.1 million for 2018 from RMB71.7 million for 2017. Our gross margin remained stable at 64.7% for 2018, compared to 64.5% for 2017.

The table below sets forth a breakdown of our gross profit and gross profit margin for the periods indicated:

	For the years ended December 31,			
	2017		2018	
	RMB	Gross profit margin(%)	RMB	Gross profit margin(%)
	(in thousands, except %)			
Central laboratory business	56,875	64.6	105,217	65.2
In-hospital business	8,879	82.7	20,066	60.5
Pharma research and development services	5,942	47.9	9,776	68.7
	71,696	64.5	135,059	64.7

Operating Expenses

Research and development expenses

Our research and development expenses increased by 114.8% to RMB105.3 million for 2018 from RMB49.0 million for 2017, primarily due to (i) an increase in staff cost, which was in line with the continued

growth of our business, and (ii) an increase in cost of laboratory consumables as we conducted more clinical trials and research and development activities in 2018.

Selling and marketing expenses

Our selling and marketing expenses increased by 52.4% to RMB102.9 million for 2018 from RMB67.5 million for 2017, primarily due to the increase in staff costs and travel expenses, as we continued to expand our sales and marketing teams to support the growth of our central laboratory business and in-hospital business. Selling and marketing expenses as a percentage of total revenues decreased from 60.7% in 2017 to 49.2% in 2018, primarily due to our greater economies of scale, as the growth of our revenues from 2017 to 2018 outpaced the growth of staff costs.

General and administrative expenses

Our general and administrative expenses increased by 16.1% to RMB88.3 million for 2018 from RMB76.0 million for 2017, primarily due to an increase in professional service fees, travel expenses and office expenses, which was in line with the continued growth of our business.

Interest Expense, Net

Our interest expense, net increased by 68.5% to RMB16.6 million for 2018 from RMB9.9 million for 2017, primarily due to an increase in average borrowings and issuance of convertible notes to certain of our existing shareholders.

Net Loss

As a result of the foregoing, our net loss for the year increased by 35.2% to RMB177.5 million for 2018 from RMB131.3 million for 2017.

Liquidity and Capital Resources

Our principal sources of liquidity have been equity contributions from our shareholders and bank borrowings. As of March 31, 2020, we had (i) cash and cash equivalents of RMB363.6 million (US$51.3 million), consisting of cash on hand and bank deposits, and (ii) short-term investment balances of RMB318.9 million (US$45.0 million).

We believe that our cash and cash equivalents on hand, our short-term investment balances and our anticipated cash flows generated from our operating activities will be sufficient to meet our current and anticipated needs for general corporate purposes for at least the next 12 months. After this offering, we may decide to expand our business through additional equity and debt financing. The issuance and sale of additional equity would result in further dilution to our shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in operating covenants that would restrict our operations.

In utilizing the proceeds we expect to receive from this offering and the concurrent private placement, we may make additional capital contributions or loans to our PRC subsidiaries.

Substantially all of our revenues in the foreseeable future are likely to continue to be denominated in Renminbi. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval as long as certain routine procedural requirements are fulfilled. Therefore, our PRC subsidiaries are allowed to pay dividends in U.S. dollars to us without prior SAFE approval by following these routine procedural requirements. However, approval from or registration with competent government

authorities is required where the Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses, such as the repayment of loans denominated in foreign currencies. The PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future.

The following table sets forth selected cash flow statement information for the periods indicated:

	Year ended December 31,				Three months ended March 31,		
	2017	2018	2019		2019	2020	
	RMB	RMB	RMB	US$	RMB	RMB	US$
				(in thousands)	(unaudited)	(unaudited)	
Net cash used in operating activities	(133,701)	(148,780)	(228,041)	(32,207)	(105,518)	(6,956)	(982)
Net cash (used in) generated from investing activities	(191,077)	106,091	(346,660)	(48,956)	(174,776)	(3,613)	(511)
Net cash generated from financing activities	354,166	83,393	571,735	80,744	590,446	272,228	38,445
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(11,406)	(159)	5,876	830	2,381	4,641	656
Net increase in cash and cash equivalents and restricted cash	17,982	40,545	2,910	411	312,533	266,300	37,608
Cash and cash equivalents and restricted cash at the beginning of year/period	36,807	54,789	95,334	13,464	95,334	98,244	13,875
Cash and cash equivalents and restricted cash at the end of year/period	54,789	95,334	98,244	13,875	407,867	364,544	51,483

Operating Activities

Net cash used in operating activities for the three months ended March 31, 2020 was RMB7.0 million (US$1.0 million), while our net loss for the same period was RMB52.6 million (US$7.4 million). The difference was primarily due to adjustment for non-cash and non-operating items of RMB12.3 million (US$1.7 million), primarily including depreciation and amortization of RMB7.7 million (US$1.1 million), share-based compensation of RMB4.2 million (US$0.6 million), and changes in working capital. The changes in working capital primarily reflected a decrease in amount due from related parties of RMB56.8 million (US$8.0 million) in relation to the repayment of personal loans by an executive officer, partially offset by a decrease in accrued liabilities and other current liabilities of RMB15.4 million (US$2.2 million), primarily as a result of our decreased payroll payables, accrued reimbursement expenses and professional services fees.

Net cash used in operating activities for 2019 was RMB228.0 million (US$32.2 million), while our net loss for the same period was RMB169.2 million (US$23.9 million). The difference was primarily due to adjustment for non-cash and non-operating items of RMB71.6 million (US$10.1 million), primarily including depreciation and amortization of RMB31.4 million (US$4.4 million), share-based compensation of RMB22.8 million (US$3.2 million), and allowance for doubtful accounts of RMB11.9 million (US$1.7 million), and changes in working capital. The changes in working capital primarily reflected (i) an increase in accounts receivable of RMB65.9 million (US$9.3 million), primarily as a result of our overall business growth, (ii) an increase in amount due from related parties of RMB56.2 million (US$7.9 million), which mainly represented personal loans we advanced to two executive officers, which have been fully repaid, (iii) an increase in prepayments and other current assets of RMB14.6 million (US$2.1 million), primarily attributable to our increased deductible value-added tax and interest receivables and deferred IPO costs, which was partially offset by an increase in accrued liabilities and other current liabilities of RMB25.8 million (US$3.7 million), primarily attributable to our increased payroll payables and professional service fees payables.

Net cash used in operating activities for 2018 was RMB148.8 million, while our net loss for the same period was RMB177.5 million. The difference was primarily due to adjustment for non-cash and non-operating items of RMB34.9 million, primarily including depreciation and amortization of RMB24.7 million, and changes in

working capital. The changes in working capital primarily reflected (i) an increase in inventories of RMB32.3 million, primarily as a result of our overall business growth, and (ii) an increase in prepayments and other current assets of RMB20.2 million, primarily attributable to our increased deductible value-added tax and prepaid expenses in relation to the procurement of laboratory equipment and raw materials, which was partially offset by an increase of RMB27.3 million in our deferred revenue, as a result of our overall business growth.

Net cash used in operating activities for 2017 was RMB133.7 million, while our net loss for the same period was RMB131.3 million. The difference was primarily due to adjustment for non-cash and non-operating items of RMB32.4 million, primarily including depreciation and amortization of RMB21.3 million and changes in working capital. The changes in working capital primarily reflected (i) an increase of RMB31.2 million in accounts receivable as a result of our overall business growth, and (ii) an increase of RMB17.0 million in prepayments and other current assets, primarily attributable to our increased deductible value-added tax and prepaid expenses in relation to the procurement of laboratory equipment and raw materials, which was partially offset by an increase of RMB22.8 million in deferred revenue and an increase of RMB9.6 million in accounts payable, as a result of our overall business growth.

Investing Activities

Net cash used in investing activities for the three months ended March 31, 2020 was RMB3.6 million (US$0.5 million), primarily due to purchase of property and equipment of RMB3.0 million (US$0.4 million).

Net cash used in investing activities for 2019 was RMB346.7 million (US$49.0 million), primarily due to purchase of short-term investment of RMB369.9 million (US$52.2 million).

Net cash generated from investing activities for 2018 was RMB106.1 million, primarily due to proceeds from maturity of short-term investments of RMB130.7 million, which was partially offset by purchase of property and equipment of RMB23.2 million.

Net cash used in investing activities for 2017 was RMB191.1 million, primarily due to our purchase of short-term investment and long-term investment of RMB130.7 million and RMB35.0 million, respectively.

Financing Activities

Net cash generated from financing activities for the three months ended March 31, 2020 was RMB272.2 million (US$38.4 million), primarily due to (i) proceeds from issuance of convertible preferred shares and exercise of warrant of RMB270.0 million (US$38.1 million) and (ii) proceeds from long-term borrowings of RMB16.7 million (US$2.4 million). This cash inflow was partially offset by the cash outflow of repayment of long-term borrowings of RMB13.3 million (US$1.9 million).

Net cash generated from financing activities for 2019 was RMB571.7 million (US$80.7 million), primarily due to proceeds from issuance of convertible preferred shares and warrant of RMB657.5 million (US$92.9 million) and proceeds from long-term borrowings of RMB14.7 million (US$2.1 million). This cash inflow was partially offset by the cash outflow of (i) repayment of long-term borrowings of RMB87.0 million (US$12.3 million), and (ii) repayment of short-term borrowings of RMB4.6 million (US$0.7 million).

Net cash generated from financing activities for 2018 was RMB83.4 million, primarily due to proceeds from long-term borrowings of RMB96.6 million and proceeds from issuance of convertible preferred shares of RMB2.0 million. This cash inflow was partially offset by the cash outflow of (i) repayment of long-term borrowings of RMB8.2 million, (ii) repayment of short-term borrowings of RMB3.0 million, and (iii) capital lease obligation payments of RMB2.5 million for certain laboratory equipment.

Net cash generated from financing activities for 2017 was RMB354.2 million, primarily due to proceeds from issuance of convertible preferred shares of RMB234.6 million and proceeds from issuance of convertible

notes of RMB117.2 million to certain of our existing shareholders. This cash inflow was partially offset by the cash outflow from the repurchase of ordinary shares of RMB9.1 million and the repayment of the principal of convertible notes of RMB13.8 million.

Capital Expenditures

Our capital expenditures were RMB23.0 million, RMB23.3 million, RMB43.4 million (US$6.1 million) and RMB3.0 million (US$0.4 million) for 2017, 2018, 2019 and the three months ended March 31, 2020, respectively. These capital expenditures included the purchase of property, equipment and computer software. We will continue to make capital expenditures to meet the needs of our business' expected growth. We intend to fund our future capital expenditure with our existing cash balance and proceeds from this offering and the concurrent private placement.

Contractual Obligations

The table below sets forth our contractual obligations as of December 31, 2019 and March 31, 2020, respectively:

Contractual obligations as of December 31, 2019

	Payments due by period				
	Total	less than 1 year	1-3 years	3-5 years	more than 5 years
	(RMB in thousands)				
Long-term borrowings(1)	56,180	37,800	18,380	—	—
Operating lease commitments(2)	43,723	10,288	18,258	15,177	—
Capital lease obligations(3)	10,856	5,744	5,112	—	—
Capital commitments(4)	688	688	—	—	—

Contractual obligations as of March 31, 2020

	Payments due by period				
	Total	less than 1 year	1-3 years	3-5 years	more than 5 years
	(RMB in thousands)				
Long-term borrowings(1)	59,392	26,105	33,287	—	—
Operating lease commitments(2)	49,279	12,729	19,663	14,826	2,061
Capital lease obligations(3)	9,419	5,744	3,675	—	—
Capital commitments(4)	496	496	—	—	—

(1) Long-term borrowings consist of credit facilities and financing arrangements with Zhongguancun Technology Leasing Co., Ltd. See "—Long-term borrowings."
(2) Operating lease commitments consist of commitments under the lease agreements for certain office space.
(3) Capital lease obligations primarily consist of our leases for certain laboratory equipment.
(4) Capital commitments refer to capital expenditure commitments for leasehold improvements for our central laboratory.

Other than those shown above, we did not have any significant capital and other commitments, long-term obligations or guarantees as of December 31, 2019 or March 31, 2020.

Long-term borrowings

In September 2019, we entered into a banking facility agreement for a term of two years with China Merchants Bank, pursuant to which we are entitled to borrow up to RMB33 million (US$4.7 million) at an interest rate separately agreed with the bank at each time of drawdown. The loan was intended for general working capital purposes. As of March 31, 2020, we had drawn down an aggregate of RMB31.5 million (US$4.4 million) at a fixed annual interest rate of 4.28%, which is due in September 2021.

In July 2018, we entered into a banking facility agreement with SPD Silicon Valley Bank, pursuant to which we are entitled to borrow a loan of RMB80 million (US$11.3 million) for general working capital purposes, which consists of (i) up to RMB10 million (US$1.4 million) of revolving loan with an annual interest rate at the PBOC benchmark interest rate plus a spread of 2.15%, and (ii) up to RMB70 million (US$9.9 million) of term loan with an annual interest rate at the PBOC benchmark interest rate plus a spread of 2.25%. As of March 31, 2020, we had drawn down an aggregate of RMB77.5 million (US$10.9 million) of principal with an effective interest rate of 6.5% or 7.0%. Pursuant to the agreement, the principal is due in July 2020. As of March 31 2020, we repaid the principal of RMB58.7 million (US$8.3 million) and the associated interests. The principal, interest and other costs of the loans under this agreement were guaranteed by us.

In May 2018, we made two three-year financing arrangements with Zhongguancun Technology Leasing Co., Ltd., bearing an interest rate of 5.8%, secured by certain machinery and laboratory equipment. Under these arrangements, we make repayments quarterly with total amounts of RMB20.3 million (US$2.9 million) and RMB1.6 million (US$0.2 million), respectively, until May 2021. As of March 31, 2020, the outstanding liability associated with these financing arrangements, net of debt issuance costs, totaled approximately RMB8.5 million (US$1.2 million) and RMB0.7 million (US$0.1 million), respectively.

Off-Balance Sheet Commitments and Arrangements

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

Internal Control Over Financial Reporting

Prior to this offering, we have been a private company with limited accounting and financial reporting personnel and other resources to address our internal controls and procedures. In connection with the audits of our consolidated financial statements as of December 31, 2019 and 2018 and for each of the three years in the period 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 PCAOB, a "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

The material weaknesses identified relate to (i) the lack of sufficient accounting and financial reporting personnel with requisite knowledge and experience in application of U.S. GAAP and SEC rules, and (ii) the lack of financial reporting policies and procedures that are commensurate with U.S. GAAP and SEC reporting requirements.

We are in the process of implementing a number of measures to address these material weaknesses identified, including hiring additional qualified accounting and financial reporting personnel with an appropriate understanding of the U.S. GAAP and SEC reporting requirements and enhancing the capabilities of our existing accounting and financial reporting through continuous training and education in the accounting and reporting requirements under U.S. GAAP and SEC rules and regulations. We also plan to take other steps to strengthen our internal control over financial reporting, including formalizing a set of comprehensive U.S. GAAP accounting manuals to streamline our recurring transactions and period-end closing processes, and establishing effective monitoring and oversight controls for non-recurring and complex transactions to ensure the accuracy and completeness of our consolidated financial statements and related disclosures.

The process of designing and implementing an effective financial reporting system is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a financial reporting system that is adequate to satisfy our reporting obligations. See "Risk Factors—Risks Relating to Our Business and Industry—If we fail to implement or maintain an effective system of internal controls over financial reporting to remediate our material weaknesses, we may be unable to accurately report our results of operations, meet our reporting obligations or prevent fraud."

As a company with less than US$1.07 billion in revenue for our last fiscal year, we qualify as an "emerging growth company" pursuant to the 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, in the assessment of the emerging growth company's internal control over financing reporting. The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. We have elected to take advantage of such exemptions. However, pursuant to Section 404 and the related rules adopted by the SEC, we, as a public company after being listed, are required to maintain adequate internal control over financial reporting and include our management's assessment of the effectiveness of our company's internal control over financial reporting in our annual report.

Holding Company Structure

We are a holding company with no material operations of its own. We conduct our NGS-based cancer therapy selection business primarily through our VIE's subsidiaries in China. As a result, our ability to pay dividends depends upon dividends paid by our WFOE. If our WFOE or any newly formed PRC subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us. In addition, our WFOE is permitted to pay dividends to us only out of its retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, each of our WFOE, VIE and their respective subsidiaries is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of its registered capital. In addition, our WFOE may allocate a portion of its after-tax profits based on PRC accounting standards to enterprise expansion funds and staff bonus and welfare funds at its discretion, and our VIE may allocate a portion of its after-tax profits based on PRC accounting standards to a discretionary surplus fund at its discretion. The statutory reserve funds and the discretionary funds are not distributable as cash dividends. Remittance of dividends by a wholly foreign-owned company out of China is subject to examination by the banks designated by SAFE. Our WFOE has not paid any dividends and will not be able to pay dividends until it generates accumulated profits and meets the requirements for statutory reserve funds.

Inflation

Since our inception, inflation has not materially affected our results of operations. According to the National Bureau of Statistics of China, the year-over-year percent change in the consumer price index for 2017, 2018 and 2019 were increases of 1.6%, 2.1% and 2.9%. Although we have not been materially affected by inflation, we may be affected if China experiences higher rates of inflation in the future.

Qualitative and Quantitative Disclosures about Market Risk

Credit risk

Our credit risk is mainly associated with cash and cash equivalents, restricted cash, short-term investment, long-term investment, and accounts receivable.

We place our cash and cash equivalents, restricted cash, short-term investment and long-term investment with reputable financial institutions of high credit quality. As of December 31, 2018, 2019 and March 31, 2020,

our cash and cash equivalents, restricted cash, short-term investments and long-term investments in an aggregate amount of RMB127.3 million, RMB424.2 million (US$59.9 million) and RMB654.0 million (US$92.4 million), respectively, were held at major financial institutions located in the PRC, and US$0.7 million, US$3.8 million (RMB26.4 million) and US$9.7 million (RMB68.4 million), respectively, were deposited with major financial institutions located outside the PRC. There has been no recent history of default related to these financial institutions. We continue to monitor the credit worthiness of these financial institutions.

Accounts receivables, typically unsecured and denominated in Renminbi, are derived from revenues earned from reputable customers. As of December 31, 2019, we had two customers with a receivable balance exceeding 10% of the total accounts receivable balance. No customer accounted for more than 10% of our total accounts receivable balance as of December 31, 2018. We manage credit risk of accounts receivable through ongoing monitoring of the outstanding balances.

Foreign currency exchange risk

Our reporting currency and functional currency are the Renminbi and U.S. dollars, respectively. From July 21, 2005, the Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. For U.S. dollars against Renminbi, there was depreciation of approximately 6.3%, appreciation of approximately 5.7%, appreciation of approximately 1.3% and appreciation of approximately 1.7% in 2017, 2018, 2019 and the three months ended March 31, 2020, respectively. It is difficult to predict how market forces or PRC or U.S. government policies may impact the exchange rate between the Renminbi and the U.S. dollars in the future.

We are primarily exposed to changes in U.S. dollar and Renminbi exchange rate. The sensitivity of profit or loss to changes in the exchange rates arises mainly from U.S. dollar-denominated financial assets. Most of our revenues and costs are denominated in Renminbi, while a portion of cash and cash equivalents and equity investment are denominated in U.S. dollars. Any significant revaluation of Renminbi may materially and adversely affect our consolidated cash flows, revenues, earnings and financial position in U.S. dollars. As of December 31, 2017, 2018, 2019 and March 31, 2020, a 10% appreciation or depreciation in the U.S. dollar to Renminbi exchange rate would increase or decrease our net profit and equity by approximately RMB0.6 million, RMB0.8 million, RMB1.7 million (US$0.2 million) and RMB3.7 million (US$0.5 million), respectively.

We estimate that we will receive net proceeds of approximately US$178.2 million from this offering if the underwriters do not exercise their option to purchase additional ADSs, after deducting underwriting discounts and commissions and the estimated offering expenses payable by us, based on the assumed initial offering price of US$14.50 per ADS, the mid-point of the estimated initial public offering price range shown on the front cover of this prospectus. We expect to receive net proceeds of approximately US$25 million from the concurrent private placement. Assuming that we convert the full amount of the net proceeds from this offering and the concurrent private placement into Renminbi, a 10% appreciation/depreciation of the U.S. dollar against the Renminbi, from the exchange rate of RMB7.0808 for US$1.00 as of March 31, 2020 to a rate of RMB7.7889/6.3727 to US$1.00, will result in an increase/decrease of RMB143.9 million in our net proceeds from this offering and the concurrent private placement. A 10% appreciation/depreciation of the U.S. dollar against the Renminbi, from the exchange rate of RMB7.1348 for US$1.00 as of May 29, 2020 to a rate of RMB7.8483/6.4213 to US$1.00, will result in a decrease/increase of RMB145.0 million in our net proceeds from this offering and the concurrent private placement.

Substantially all of our business is transacted in Renminbi, which is not freely convertible into foreign currencies. All foreign exchange transactions take place either through the PBOC or other authorized financial institution at exchange rates quoted by the PBOC. Approval of foreign currency payments by the PBOC or other regulatory institutions requires submitting a payment application form together with suppliers' invoices and signed contracts.

Interest rate risk

Fluctuations in market interest rates may negatively affect our financial condition and results of operations. As of December 31, 2018, 2019 and March 31, 2020, most of our borrowings were at fixed rates. We are exposed

to fair value interest rate risk due to our borrowings with fixed interest rates. We have not been exposed, nor do we anticipate to be exposed, to material risks due to changes in interest rates, and we have not used any derivative financial instruments to manage our interest risk exposure. However, our future financial condition and results of operations may be affected due to changes in market interest rates.

Critical Accounting Polices, Judgments and Estimates

An accounting policy is considered critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time such estimate is made, and if different accounting estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the consolidated financial statements.

We prepare our consolidated financial statements in accordance with U.S. GAAP. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the balance sheet dates and the reported amounts of revenues and expenses during the reporting periods.

We base our estimates on historical experience and various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could materially differ from those estimates.

The following descriptions of critical accounting policies, judgments and estimates should be read in conjunction with our consolidated financial statements and accompanying notes and other disclosures included in this prospectus. When reviewing our financial statements, you should consider (i) our selection of critical accounting policies, (ii) the judgments and other uncertainties affecting the application of these policies and (iii) the sensitivity of reported results to changes in conditions and assumptions.

Consolidation of VIE

We exercise control over the VIE and its subsidiaries and have the ability and obligation to absorb substantially all of the profit or losses through contractual arrangements. We consider that we control the VIE and its subsidiaries notwithstanding the fact that we do not hold direct equity interests in it, as we have power over the financial and operating policies of the VIE and its subsidiaries and absorb substantially all the profit or losses from the business activities of the VIE and its subsidiaries through contractual arrangements. Accordingly, all of the VIE and its subsidiaries are accounted for as controlled structured entities and their financial statements have also been consolidated by us.

Segment Reporting

In accordance with ASC 280, *Segment Reporting*, our chief operating decision maker, or the CODM, has been identified as our chief executive officer. Our CODM evaluates segment performance based on revenues and gross profit by the operating segments of central laboratory business, in-hospital business and pharma research and development services. No geographical segments are presented because substantially all of our long-lived assets are located in the PRC and substantially all of our revenues are derived from within the PRC.

Revenue Recognition

Effective January 1, 2017, we adopted Accounting Standards Update (ASU) 2014-09, *Revenue from contracts with Customers* (Topic 606), using the full retrospective method. We derive revenue from our central laboratory business, in-hospital business and pharma research and development services. We recognize revenue to depict the transfer of promised products or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those products or services. The impact of adopting the new revenue standard was not material to our consolidated financial statements.

Revenue from central laboratory business

Revenue from central laboratory business is primarily generated through the sales of our cancer therapy selection test to individual patients. Individual patients prepay the consideration in full, and the transaction price for each contract is fixed at contract inception.

Patients can choose to purchase a single cancer therapy selection test or a package which consists of multiple cancer therapy selection tests of the same type or a combination of different types of cancer therapy selection tests. Each cancer therapy selection test represents a single performance obligation. Revenue is allocated to each performance obligation based on the relative standalone selling price method. We record revenue at a point in time when each cancer therapy selection test report is delivered to the patient.

Our cancer therapy selection packages with multiple cancer therapy selection tests of the same type, or Monitoring Packages, were launched in 2017. The Monitoring Packages expire two years from the date of purchase. Based on historical usage rates, a portion of the cancer therapy selection tests within the Monitoring Packages are not expected to be used by the patient prior to expiration, referred to as a "breakage." If we are expected to be entitled to a breakage amount, the expected breakage amount is recognized as revenue in proportion to the total number of tests performed for patients prior to the expiration date. If we are not expected to be entitled to a breakage amount due to the lack of historical experience, the expected breakage amount is recognized as revenue when the package expires. We evaluate our breakage estimates periodically based upon our historical experience with each type of Monitoring Packages and other factors, such as recent usage pattern prior to the expiration period. The historical usage rates may not be reflective of the actual usage rates due to changes in patients' behavior and medical advancements. The determination of whether we have accumulated sufficient historical experience to determine breakage amount and changes in the actual patients' usage rates may significantly impact the amount of breakage revenue recognized for the period.

Revenue from in-hospital business

Revenue from in-hospital business is primarily generated through the sales of reagent kits and the provision of the facilitation services for the sale of laboratory equipment to hospitals. For the sale of reagent kits, we manufacture reagent kits and sell to the hospitals when the hospitals make a purchase order. Each reagent kit represents a single performance obligation. We do not provide rights of return for the reagent kits sold other than returns of defective products. Revenue is allocated to each performance obligation based on a relative standalone selling price basis. We record revenue on the sales of reagent kits at a point in time when the reagent kits are delivered to hospitals. For the facilitation services, we purchase the laboratory equipment from third-party suppliers when a hospital makes a purchase request and resell the laboratory equipment to the hospital. We act as an agent in facilitating the sales of laboratory equipment arrangements as we do not control the equipment before its delivery to hospitals and do not have inventory risks. The facilitation services for each piece of laboratory equipment represent a single performance obligation. We record revenue on a net basis at the point in time when we have completed our facilitation services.

Revenue from pharma research and development services

We provide pharma research and development services to pharmaceutical companies for their development of new drugs for targeted therapies and immunotherapies on various types of cancers, and to hospitals for their studies on cancer diagnosis and treatment. The pharma research and development services include a range of cancer therapy selection test services, analytical validation services and project management services. We deliver an analysis report upon completion of services. The test services, analytical validation services and project management services are not distinct within the context of the contract because we are using these services as inputs to produce the analysis report. We recognize services revenue over the period in which these services are provided because we do not create an asset with alternative use to us and we have an enforceable right to payment for the performance completed to date. We recognize revenue using an output method to measure progress, utilizing cancer therapy selection tests performed to-date as our measure of progress.

Pharmaceutical companies and hospitals may also separately engage us to perform multiple cancer therapy selection tests without an analysis of the test results. Each cancer therapy selection test is capable of being distinct and separately identifiable from other promises in the contracts and therefore, represents distinct performance obligations. Revenue is allocated to each cancer therapy selection test using a relative standalone selling price basis. We record revenue at a point in time, when each cancer therapy selection test result is delivered to the pharmaceutical companies and hospitals.

Income Taxes

We are subject to income taxes in China and Hong Kong. Significant judgment is required in evaluating our uncertain tax positions and determining our provision for income taxes.

Although we believe we have adequately reserved for our uncertain tax positions, no assurance can be given that the final tax outcome of these matters will not be different. We adjust these reserves in light of changing facts and circumstances, such as the closing of a tax audit or the refinement of an estimate. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact the provision for income taxes and the effective tax rate in the period in which such determination is made. The provision for income taxes includes the impact of reserve provisions and changes to reserves that are considered appropriate, as well as the related net interest and penalties. In addition, we are subject to the continuous examination of our income tax filings by the tax authorities, which may assert assessments against us. We regularly assess the likelihood of adverse outcomes resulting from these examinations and assessments to determine the adequacy of our provision for income taxes.

Long-lived Assets

Long-lived assets, including property and equipment and intangible assets with finite lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The evaluation is performed at the lowest level of identifiable cash flows independent of other assets. An impairment loss would be recognized when estimated undiscounted future cash flows generated from the assets are less than their carrying amount. Measurement of an impairment loss would be based on the excess of the carrying amount of the asset group over its fair value.

Fair Value of Share Options

We estimate the fair value of each award on the grant date using the binomial option pricing model with the assistance of an independent third-party valuation firm. The binomial model requires the input of highly subjective assumptions, including the expected volatility, the exercise multiple, the risk-free rate and the dividend yield. For expected volatility, we have made reference to historical volatility of several comparable companies in the same industry. The exercise multiple was estimated as the average ratio of the stock price to the exercise price of when employees would decide to voluntarily exercise their vested options. The risk-free rate for periods within the contractual life of the options is based on the market yield of U.S. Treasury Bonds in effect at the time of grant. The dividend yield is based on our expected dividend policy over the contractual life of the options.

The assumptions used to estimate the fair value of the share options granted are as follows:

	For the year ended December 31,			For the three months ended March 31,
	2017	2018	2019	2020
Risk-free interest rate	2.31%–2.40%	2.69%–3.05%	1.63%–2.41%	1.88%-1.92%
Dividend yield	0%	0%	0%	0%
Expected volatility range	48.1%–49.4%	46.0%–47.8%	44.6%–45.4%	44.9%-45.4%
Exercise multiple	2.20	2.20	2.20–2.80	2.20-2.80
Contractual life	10 years	10 years	10 years	10 years
Fair market value per ordinary share as at valuation dates(1)	US$1.10–US$2.08	US$2.32–US$3.20	US$3.30–US$9.41	US$9.41

(1) In January 2020, we effected a 2-for-1 reverse share split. For the purpose of presenting the fair value per ordinary share in the table above, such reverse share split has been retroactively reflected for all valuation dates presented herein.

These assumptions represented our best estimates, but the estimates involve inherent uncertainties and the application of our judgment. As a result, if we use significantly different assumptions or estimates when valuing our options, our share-based compensation expense could be materially different.

Fair Value of Ordinary Shares

We are required to estimate the fair value of the ordinary shares underlying our options when performing the fair value calculations with the binomial option pricing model. Therefore, our board of directors has estimated the fair value of our ordinary shares at various dates, with input from management, considering the third-party valuations of ordinary shares at each grant date. The valuations of our ordinary shares were performed using methodologies, approaches and assumptions consistent with the American Institute of Certified Public Accountants Audit and Accounting Practice Aid Series: Valuation of Privately-Held-Company Equity Securities Issued as Compensation, or the AICPA Practice Guide. In addition, our board of directors considered various objective and subjective factors, along with input from management and the independent third-party valuation firm, to determine the fair value of our ordinary shares, including: external market conditions affecting the industry, trends within the industry, the results of operations, financial position, status of our research and development efforts, our stage of development and business strategy, and the lack of an active public market for our ordinary shares, and the likelihood of achieving a liquidity event such as an initial public offering.

In order to determine the fair value of our ordinary shares underlying each share-based award grant, we first determined our business equity value, or BEV, and then allocated the BEV to each element of our capital structure (convertible preference shares and ordinary shares) using the option pricing method, or OPM. In our case, three scenarios were assumed, namely: (i) the liquidation scenario, in which the OPM was adopted to allocate the value between convertible preferred shares and ordinary shares, (ii) the redemption scenario, in which the OPM was adopted to allocate the value between convertible preferred shares and ordinary shares, and (iii) the mandatory conversion scenario, in which equity value was allocated to convertible preferred shares and ordinary shares on an as-if converted basis.

In determining the fair value of the ordinary shares on December 31, 2017, June 30, 2018, June 30, 2019 and September 30, 2019, we applied the income approach/discounted cash flow analysis based on our projected cash flow using our best estimate as of the valuation. The determination of our fair value of the ordinary shares requires complex and subjective judgments to be made regarding our projected financial and operating results, our unique business risks, and our operating history and prospects at the time of valuation.

The income approach involves applying appropriate discount rates to estimated cash flows that are based on earnings forecasts. Our revenue growth rates, as well as major milestones that we have achieved, contributed to the increase in the fair value of our ordinary shares.

The major assumptions used in calculating the fair value of ordinary shares include:

Discount rates. The discount rates set forth in the table above were based on the weighted average cost of capital, which was determined based on a consideration of the factors including risk-free rate, comparative industry risk, equity risk premium, company size and non-systemic risk factors.

Comparable companies. In deriving the weighted average cost of capital used as the discount rates under the income approach as of the valuation date, we selected ten publicly traded companies for reference as our guideline companies. The guideline companies were selected based on the following criteria: (i) they operate in similar industries as we do, and (ii) their shares are publicly traded in developed capital markets, i.e., the U.S.

Discount for lack of marketability, or DLOM. DLOM was calculated using the Finnerty method based on the historical volatilities of comparable companies. It reflects the lower value placed on securities that are not freely transferable, as compared to those are frequently traded in an established market.

In determining the fair value of the ordinary shares on June 30, 2017, December 31, 2018 and December 31, 2019, we applied the back-solve method based on the issuance price of the nearest round of preferred share financing.

In determining the fair value of the ordinary shares on the rest of the valuation dates, we applied the interpolation method analysis based on the amount of time between the previous valuation date and subsequent valuation date on the rest of the valuation dates, using a straight-line interpolation between the two valuation dates. This determination included an evaluation of whether there is any significant change in valuation had occurred between the previous valuation and subsequent valuation date.

The fair value of our ordinary shares increased from US$3.20 per share as of December 31, 2018 to US$9.41 per share as of December 31, 2019, primarily due to the following factors:

- As we progressed towards the initial public offering, the lead time to an expected liquidity event significantly decreased, resulting in a corresponding decrease in the DLOM from 15.0% to 7.5%.

- We are in anticipation of a successful initial public offering. Upon the completion of this offering, the conversion of our preferred shares and the corresponding elimination of liquidation and other preferences will also contribute to the increase in the value of our ordinary shares.

- Our business has achieved rapid organic growth in 2019. In 2019, 23,075 patients took our tests under our central laboratory model. The number of partner hospitals under our in-hospital model increased from 26 as of December 31, 2018 to 40 as of December 31, 2019. We launched Magnis BR, our fully automated NGS library preparation system and associated library preparation reagents, in September 2019, which we believe will further strengthen our cooperation with partner hospitals under our in-hospital model. In addition, we entered into new R&D collaboration arrangements with industry leading pharmaceutical companies Sino Biopharm and BeiGene, Ltd. Our revenue increased by 82.7% from RMB208.9 million in 2018 to RMB381.7 million (US$53.9 million) in 2019, and our gross profit increased by 102.4% from RMB135.1 million in 2018 to RMB273.3 million (US$38.6 million) in 2019. Accordingly, we made an upward adjustment to our revenue projection due to the above-mentioned developments.

- Mr. Leo Li joined our company as chief financial officer, and we continued to bolster our management and finance function over this period.

- On December 30, 2019, we entered into a Series C+ share purchase agreement with several investors. On January 10, 2020, we completed this new round of financing for a total amount of US$29 million

through issuance of Series C+ preferred shares. The new round of financing not only provided us with additional resources for our business development, but also indicated an increase in investors' confidence in our business prospects.

The fair value of our ordinary shares was US$9.41 per share on February 1, 2020, which was the same as that on December 31, 2019.

However, these fair values are inherently uncertain and highly subjective. The assumptions used in deriving the fair values are consistent with our business plan. These assumptions include: (i) no material changes in the existing political, legal and economic conditions in China; (ii) our ability to retain competent management, key personnel and staff to support our ongoing operations; and (iii) no material deviation in market conditions from economic forecasts. These assumptions are inherently uncertain.

Fair Value Measurements

We apply ASC 820, *Fair Value Measurements and Disclosures*. ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. ASC 820 requires disclosures to be provided for fair value measurements. ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value, as follows:

Level 1—Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2—Includes other inputs that are directly or indirectly observable in the marketplace.

Level 3—Unobservable inputs which are supported by little or no market activity.

ASC 820 describes three main approaches to measuring the fair value of assets and liabilities: (1) market approach; (2) income approach, and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset.

The carrying amounts of cash and cash equivalent, restricted cash, short-term investments, accounts receivable, amounts due from and due to related parties, accounts payable and short-term borrowings approximate their fair values because of their generally short maturities. The carrying amount of long-term borrowings and long-term investments approximate their fair values since they bear interest rates which approximate market interest rates.

We measured the fair value of our warrant liability on a recurring basis using significant unobservable (Level 3) inputs as of December 31, 2019. The valuation technique, inputs and corresponding impact to the fair value are as follows:

Financial instrument	Valuation technique	Unobservable input	Estimation
Warrant liability	Black-Scholes option pricing model	Volatility for Black-Scholes option pricing model	45%
		Market value of the underlying Series C Preferred Shares	US$12.08

On January 22, 2020, the holder of the Series C convertible redeemable preferred shares warrant exercised the warrant for 1,064,950 Series C convertible redeemable preferred shares. As of March 31, 2020, no warrant was outstanding. Therefore, there were no assets or liabilities measured at fair value on a recurring basis as of March 31, 2020.

We did not transfer any assets or liabilities in or out of Level 3 during the year ended December 31, 2019 or the three months ended March 31, 2020.

We had no financial assets and liabilities measured and recorded at fair value on a nonrecurring basis as of December 31, 2018, December 31, 2019 or March 31, 2020.

Recent accounting pronouncements

A list of recent relevant accounting pronouncements is included in Note 2 “Summary of Significant Accounting Policies” of our Consolidated Financial Statements.

INDUSTRY

All information and data presented in this section have been derived from an industry report commissioned by us and prepared by CIC, unless otherwise noted. CIC has advised us that the statistical and graphical information contained in this section has been drawn from its database and other sources. The following discussion includes projections for future growth, which may not occur at the rates that are projected or at all.

China's Oncology Industry

Cancer, a disease of the genome, is one of China's leading causes of death and a major public health problem. China has the world's largest annual cancer incidence, which increased from 3.8 million cases in 2014 to 4.5 million cases in 2019, and is estimated to reach 5.8 million cases in 2030. Lung cancer is the most common type of cancer in China, with cancer incidence of 0.9 million cases in 2019, and it is estimated to reach 1.3 million cases in 2030.

Despite its high incidence of cancer, China lags far behind the U.S. in terms of cancer diagnosis and treatment. In 2019, targeted therapies and immunotherapies accounted for 26.7% of all types of cancer treatment in China in terms of revenue, significantly lower than the 85.6% in the U.S. Targeted therapies and immunotherapies, which can avoid the serious side effects of chemotherapies and may achieve better treatment results, are expected to become the new standard of care in China's cancer treatment market. As such, cancer genotyping, which identifies the specific genomic alterations and biomarkers associated with a patient's cancer, is being increasingly adopted in China, as it provides valuable assistance to physicians in formulating personalized treatment plans utilizing targeted therapies and immunotherapies.

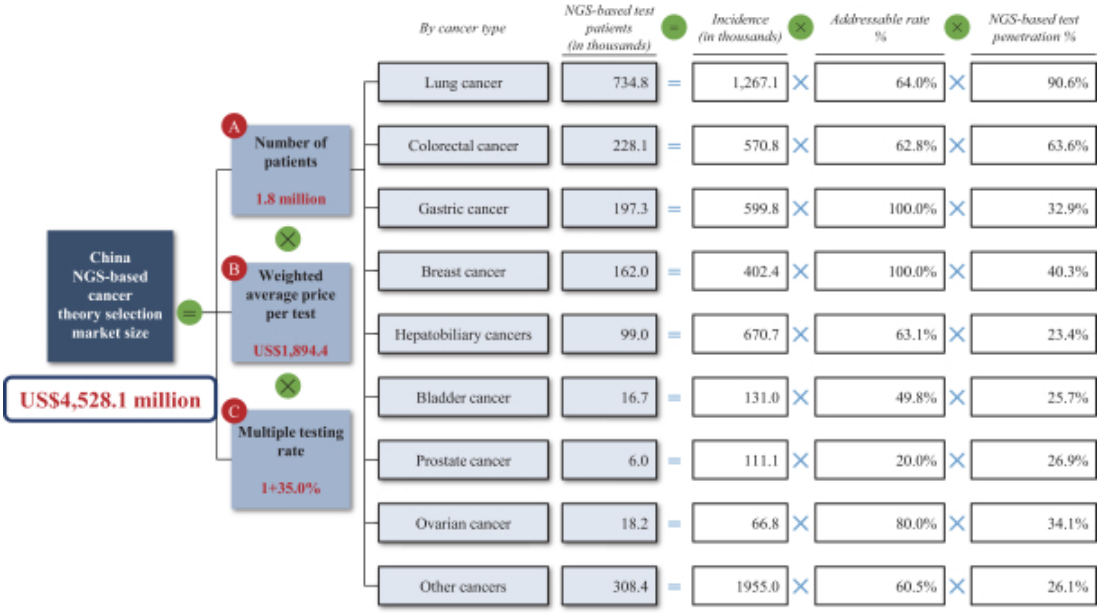
China's NGS-based Cancer Therapy Selection Market

Overview

Unlike conventional cancer genotyping methods, NGS-based cancer therapy selection can simultaneously detect substantially all genomic alterations and biomarkers associated with a patient's cancer in a single test, significantly reducing cost while enhancing accuracy. Despite the vast unmet market need, the penetration of NGS-based cancer therapy selection in China remains low, primarily due to low awareness among physicians and limited availability of targeted therapies. In 2019, 6.4% of late-stage cancer patients and cancer patients who were recommended to take cancer genotyping tests in China took NGS-based cancer therapy selection tests, as compared to the 23.5% in the U.S. In 2030, this percentage is expected to increase to 45.2% in China.

China's NGS-based cancer therapy selection market is expected to increase from US$0.3 billion in 2019 to US$4.5 billion in 2030, reflecting a CAGR of 33.4% from 2019 to 2024 and 26.6% from 2024 to 2030. China's NGS-based cancer therapy selection market accounted for 33.5% of overall cancer genotyping in 2019, and is expected to reach 79.7% in 2030.

The diagram below illustrates the calculation of the estimated market size of China's NGS-based cancer therapy selection market in 2030:



Key Growth Drivers

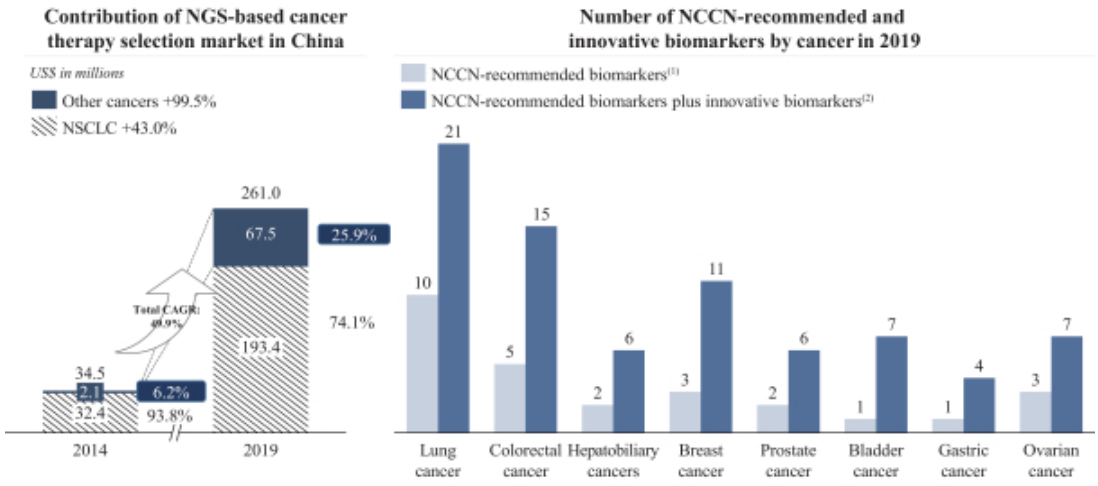
The key growth drivers for China's NGS-based cancer therapy selection market include:

Accelerated approval of targeted therapies and immunotherapies. Targeted therapies and immunotherapies may achieve better treatment results compared to chemotherapies while avoiding the serious side effects, and they are increasingly becoming the standard of care in China's cancer treatment market. In recent years, the NMPA (formerly the CFDA) has accelerated its approval process for targeted therapies and immunotherapies, which may require cancer genotyping before administration. This in turn should accelerate the growth of NGS-based cancer therapy selection.

The following diagrams set forth the history of approvals for targeted therapies and immunotherapies in China from 2001 to 2019:

Use of NGS-based therapy selection for more cancer types. In China, NGS-based cancer therapy selection is currently widely used only for non-small cell lung cancer, or NSCLC. Recently, a growing number of biomarkers for other cancers have been discovered and recommended by the National Comprehensive Cancer Network, or the NCCN, which most oncologists in China refer to in deciding on therapies. In 2019, cancers other than NSCLC constituted 25.9% of China's NGS-based cancer therapy selection market, and this is expected to increase to 58.5% in 2030. We expect the growing use of targeted therapies and immunotherapies in treating other types of cancer, such as breast cancer and colorectal cancer, to drive the demand for NGS-based cancer therapy selection in China.

The following charts set forth the breakdown of NGS-based cancer therapy selection by cancer type and the number of available biomarkers for different types of cancer:



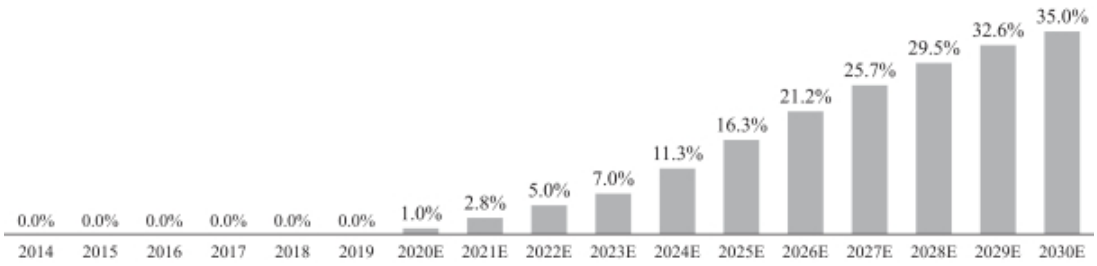
(1) NCCN-recommended biomarkers are those biomarkers included in the NCCN's list of recommended biomarkers in their guidelines for selecting treatment methods.
(2) Innovative biomarkers are those biomarkers for which targeted therapies and immunotherapies are pending FDA-approval.

Favorable government policies. The Chinese government is introducing more favorable reimbursement policies for drugs used in targeted therapies. In 2017, 15 targeted cancer drugs were included in the Ministry of Human Resources and Social Security's National Reimbursement Drug List (which is necessary for them to be covered under various government health insurance programs) for the first time, followed by 14 and 7 more targeted cancer drugs in 2018 and 2019, respectively. Most of these drugs, including all 7 targeted cancer drugs added in 2019, require cancer genotyping for diagnosis. These favorable government policies encourage the launch of innovative cancer drugs, and increase their affordability, which in turn are expected to drive the demand for NGS-based cancer therapy selection.

Aging population. China's population aged 50 and older increased from 383.3 million in 2014 to 459.8 million in 2019, and is expected to reach approximately 583.2 million in 2030. Many types of cancer are increasingly common with advanced age. Lifestyle factors such as smoking and environment are also frequently associated with the incidence of various types of cancer. These factors will contribute to a growing potential market for NGS-based cancer therapy selection.

Increasing awareness of the importance of multiple testing. As more biomarkers are discovered and their corresponding targeted therapies and immunotherapies are developed and approved, patients are more inclined to take multiple NGS-based cancer therapy selection tests to find safer and more efficacious treatments. Late-stage cancer patients are also taking more cancer genotyping tests to monitor drug resistance to initial treatments and to formulate subsequent treatment plans.

The following diagram sets forth the percentage of patients who have been, and are expected to be, tested twice with NGS-based cancer therapy selection from 2014 to 2030:



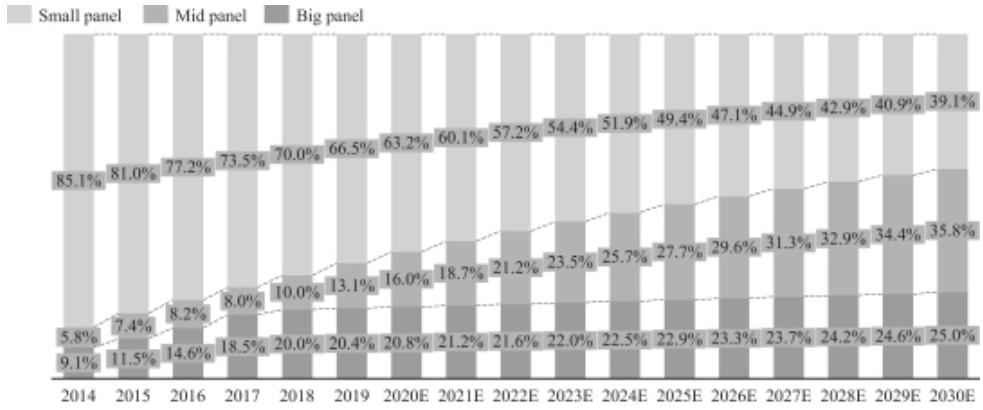
Pricing

The average price of NGS-based cancer therapy selection tests in China increased from US$991.7 in 2014 to US$1,319.1 in 2019, and is expected to reach US$1,894.4 in 2030. The table below sets forth the average historical and projected price of NGS-based cancer therapy selection tests in China from 2014 to 2030 in US dollars:

2014	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
991.7	1,067.3	1,151.6	1,207.9	1,237.5	1,319.1	1,367.4	1,431.1	1,511.6	1,578.8	1,623.2	1,667.8	1,712.6	1,757.7	1,803.0	1,848.6	1,894.4

Mid-panel and big-panel NGS-based cancer therapy selection tests, which can typically detect approximately 100 and over 300 genes at the same time, respectively, represent high-end tests and are usually more expensive. These tests accounted for 33.5% of NGS-based cancer therapy selection tests in 2019, and are expected to reach 60.8% in 2030. As the proportion of mid- and big-panel NGS-based cancer therapy selection

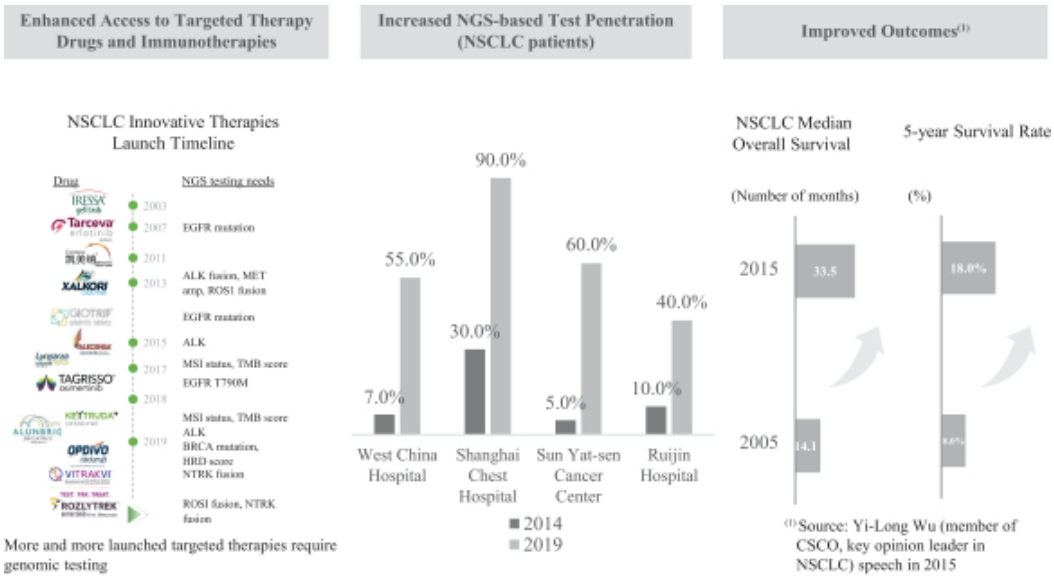
tests continues to increase, the average price of NGS-based cancer therapy selection tests increases correspondingly. The diagram below sets forth the historical and forecasted percentage breakdown for NGS-based cancer therapy selection tests of various panel sizes from 2014 to 2030:



Case Study: NSCLC

The incidence of lung cancer in China increased from 0.8 million cases in 2014 to 0.9 million cases in 2019. NSCLC accounted for approximately 80.0% of the incidence of lung cancer in China in 2019. In particular, late-stage NSCLC, the type of cancer to which NGS-based cancer therapy selection is most frequently applied, accounts for 80.0% of all incidence of NSCLC in China. An increasing number of biomarkers associated with NSCLC have been discovered, and targeted therapy drugs corresponding to these biomarkers have been developed, tested and approved. These targeted therapy drugs have become recommended standard therapies under the NCCN guidelines. The availability of NSCLC targeted therapy drugs has led to an increasingly large penetration of NGS-based cancer therapy selection usage. In particular, the penetration of NGS-based therapy selection for late-stage NSCLC increased from 6.5% in 2014 to approximately 25.0% in 2019, and is expected to increase to 90.6% in 2030.

The diagrams below set forth the growing availability of targeted therapy drugs for NSCLC in China, the increased use of NGS-based cancer therapy selection in 2014 and 2019 for certain leading oncology hospitals in China, and the improved clinical results for China's NSCLC patients:



Distribution channels

NGS-based cancer therapy selection companies in China are primarily pursuing two major business models: the central laboratory and the in-hospital model. Most NGS-based cancer therapy selection companies conduct their business through the central laboratory model, in which cancer patients' treating physicians order cancer genotyping tests for their patients during the diagnostic process, the patients' liquid biopsy or tissue samples are shipped to the company's central laboratory for testing, and physicians form treatment plans based on the test results. Fewer companies conduct their business through the in-hospital model, in which they partner with hospitals to establish in-hospital cancer genotyping laboratories and supply reagent kits, allowing the hospitals to conduct tests on their own. Under the in-hospital model, NGS-based cancer therapy selection companies have revenue streams of initial facilitation of equipment purchases followed by recurring sales of reagent kits.

The in-hospital segment of China's NGS-based cancer therapy selection market accounted for 14.8% of China's total NGS-based cancer therapy selection market in terms of number of patients in 2019, and is expected to reach 49.4% in 2030.

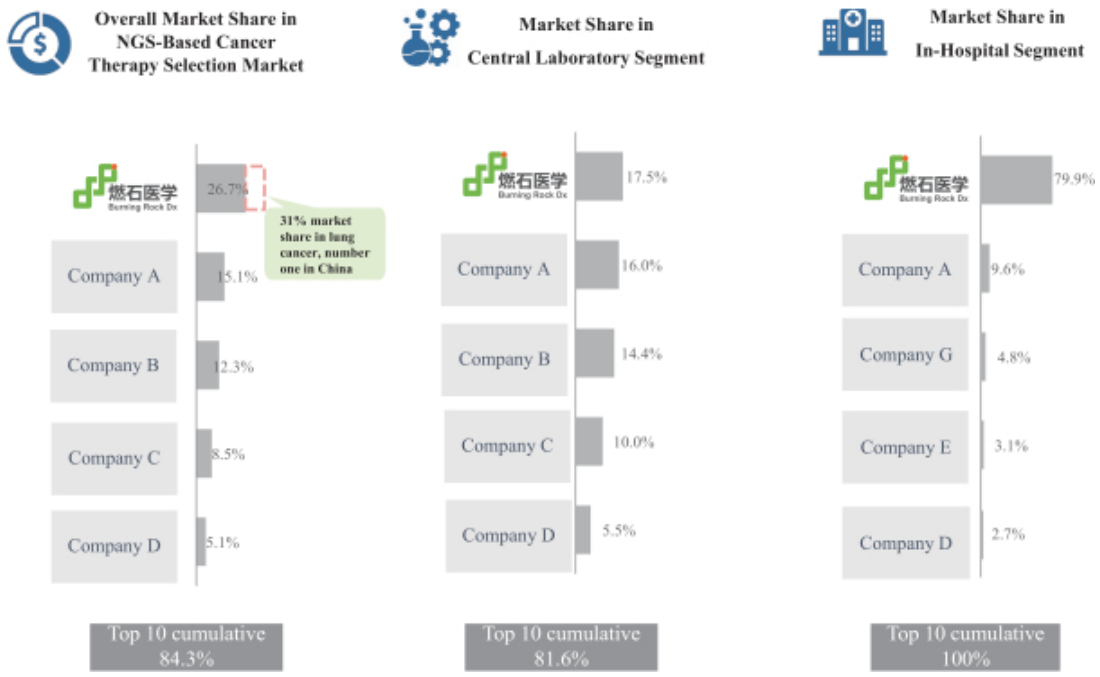
The following is a list of China's top 25 oncology hospitals, which includes both specialized oncology hospitals and general hospitals:

China's Top 25 Oncology Hospitals
West China Hospital, Sichuan University
Fudan University Shanghai Cancer Center
Cancer Hospital Chinese Academy of Medical Sciences
Zhejiang Cancer Hospital
Sun Yat-sen University Cancer Center
Beijing Cancer Hospital
Tianjin Medical University Cancer Institute and Hospital
Tongji Hospital
Shandong Cancer Hospital
Jiangsu Cancer Hospital
People's Liberation Army General Hospital
Peking Union Medical College Hospital
Zhongshan Hospital
Hunan Cancer Hospital
Shanghai Chest Hospital
Henan Cancer Hospital
The First Affiliated Hospital of Zhengzhou University
Guangdong Provincial People's Hospital
Hebei Cancer Hospital
Heilongjiang Cancer Hospital
The First Hospital Affiliated to AMU (Southwest Hospital)
Jiangsu Province Hospital
Shanghai Pulmonary Hospital
Liaoning Cancer Hospital
The First Affiliated Hospital, Sun Yat-sen University

Competitive Landscape

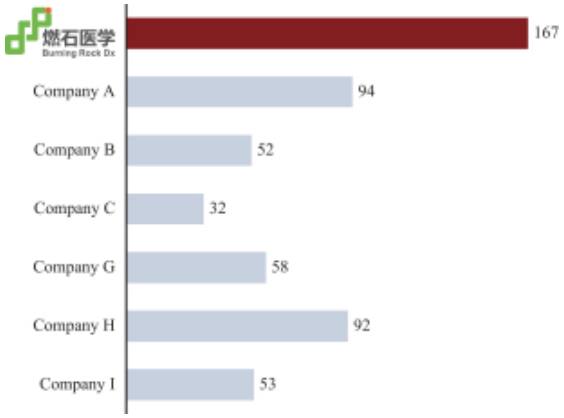
Although NGS-based cancer therapy selection is a nascent industry in China with approximately six years of history, the industry has become increasingly concentrated and is dominated by its five largest players. We are the market leader in all relevant markets in 2019 in terms of number of patients tested, with the largest market share of 26.7% in the overall NGS-based cancer therapy selection market, 17.5% in the central laboratory segment and 79.9% in the in-hospital segment. We are also one of the only five companies in China to have obtained approval from the NMPA for NGS-based cancer therapy selection reagent kits, an approval that is critical to success in the in-hospital segment. We are the only company in China that has both (i) a laboratory certified under the CLIA, accredited by CAP, and certified as an NGS laboratory by the NCCL, and (ii) an NGS-based reagent kit approved by the NMPA.

The diagrams below set forth the respective market shares of the top five players in China's overall NGS-based cancer therapy selection market and its central laboratory and in-hospital segments, in terms of number of patients tested in 2019:



In addition, we have the highest number of publications among NGS-based cancer therapy selection companies in China, with 167 articles published since 2015.

Comparison of the number of publications(1) of major NGS-based cancer therapy selection companies(2)

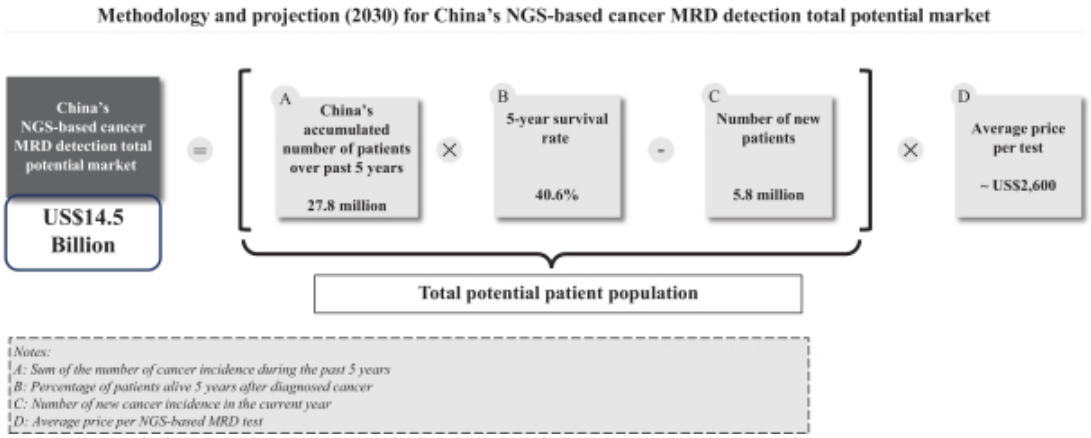


(1) Refer to peer-reviewed articles directly related to NGS-based cancer therapy selection.
(2) Include companies which generate over 50% of revenue from NGS-based cancer therapy selection.

China's Molecular Residual Disease Testing Industry

Molecular residual disease, or MRD, refers to the small number of cancer cells that may remain in the body after treatment. MRD testing serves post-treatment cancer patients as a preventative detection method for cancer recurrence. However, MRD levels may be so small that they do not cause any physical signs or symptoms, and they often cannot be detected with conventional methods. As physicians' awareness of the significance of MRD testing continues to rise and NGS-based cancer therapy selection becomes increasingly available, MRD testing is expected to represent significant market opportunities. China's total potential market for MRD testing is estimated to be US$14.5 billion in 2030.

The diagram below sets forth the method of calculation of the total potential market for China's NGS-based MRD detection in 2030:



China's Early Cancer Detection Industry

Market Opportunities

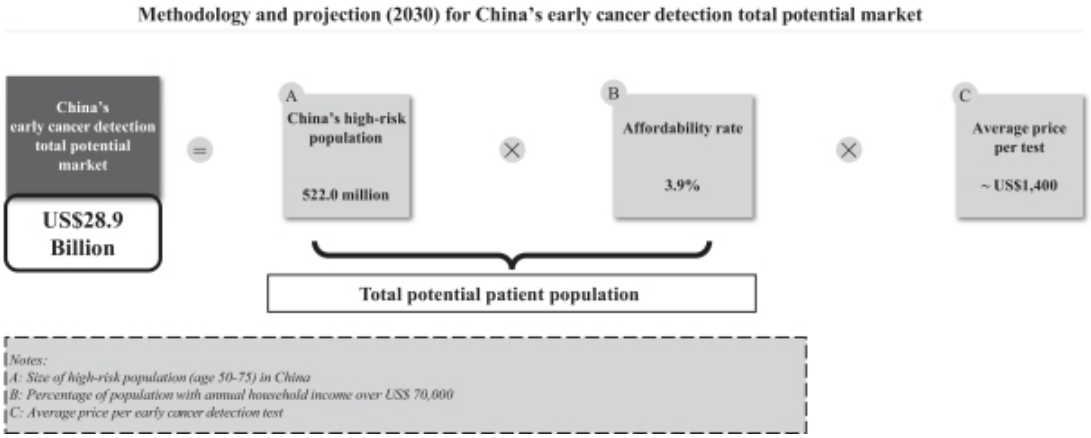
Early cancer detection can significantly improve the prognosis and quality of cancer patients' lives, while reducing mortality rates and treatment costs. Compared with conventional detection methods, such as a PET-CT, which can only scan tumors that are 0.5 cm in size or larger, emerging methods like NGS-based liquid biopsies can detect the circulating tumor DNA, or ctDNA, of a tumor 10 years before conventional detection methods. NGS-based ctDNA early cancer detection, which is easy to use and has high accuracy, is becoming an effective preventive measure and will improve patient access and screening rates, thereby significantly increasing the treatment success rate for various types of cancers. The ten-year survival rate for cancer patients diagnosed at stage Ia or earlier is 90.0%, significantly higher than the 10.0% for those diagnosed at late stage.

For the high-risk population for each cancer type, regular screening is recommended. However, physician awareness and patient screening rates for early cancer detection remain relatively low in China. The following table sets forth examples of primary screening methods and recommended screening regularities for various cancer types and their corresponding screening rates in China and the U.S.:

Cancer site	High-risk population	Test or procedure	Recommendation	Screening rate	
				U.S.	China
Breast	• Women ages 40+	• Mammography	• Annual screening	~64%	~16%
Cervix	• Women ages 21-29 • Women ages 30-65	• Pap test • Pap test & HPV DNA test	• Every 3 years • Every 5 years with both	~83%	~21%
Colorectal	• Men and women ages 50-75	• gFOBT or FIT, or • Multi-target stool DNA test, or • Flexible sigmoidoscopy, or • Colonoscopy, or • CT Colonography	• Annual screening • Every 3 years • Every 5 years • Every 10 years • Every 5 years	Overall screening rate: ~63% FOBT rate: ~7.0% Colonoscopy rate: ~60.0%	Overall screening rate: ~20% FOBT rate: ~6.7% Colonoscopy rate: 13~15%
Lung	• Smokers ages 55-75 with 30+ pack-year history	• Low-dose helical CT scan	• Annual screening	~3.9%	~0.4%
Prostate	• Men ages 50+	• Prostate-specific antigen test	• Follow the healthcare provider's advice	~34%	~8%

Total Potential Market

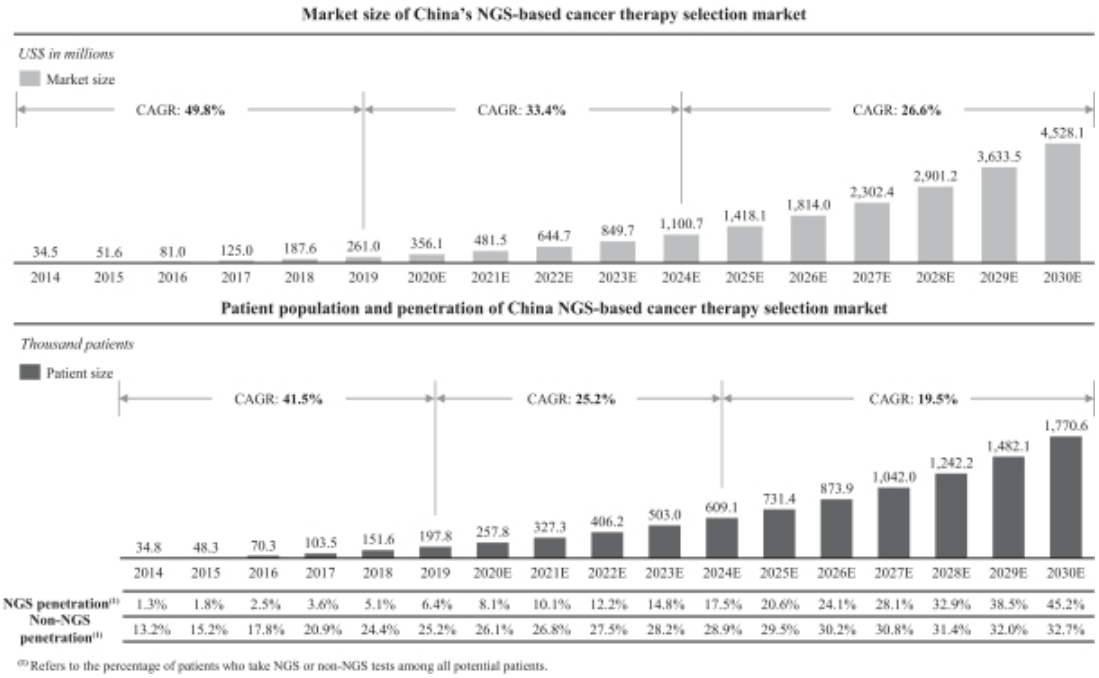
China's early cancer detection market primarily targets the high-risk population, which for most cancers typically includes people between 50 to 75 years old, focusing on that portion who can afford early cancer detection tests. China's total potential market for early cancer detection is expected to increase from US$18.4 billion in 2019 to US$28.9 billion in 2030, representing a CAGR of 4.2%. The diagram below sets forth the method of calculation of the total potential market for China's early cancer detection and the resulting projection for 2030:



Detailed NGS-based China Cancer Therapy Selection Market Data Breakdown

Market Size and Patient Population

The diagrams below set forth the historical and forecasted market size and patient population, respectively, for China's NGS-based cancer therapy selection market from 2014 to 2030:



(1) Refers to the percentage of patients who take NGS or non-NGS tests among all potential patients.

China's NGS-based Cancer Therapy Selection Market for Various Types of Cancers

The table below sets forth the historical and forecasted market size of China's NGS-based cancer therapy selection market for various types of cancers from 2018 to 2030, in terms of number of patients tested:

	2018	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
	US$ in millions												
Lung cancer	140.4	193.4	262.3	350.5	461.0	583.7	727.1	891.8	1,074.0	1,268.5	1,470.1	1,674.6	1,879.3
Colorectal cancer	19.7	28.0	38.6	53.5	74.0	99.7	133.5	177.2	232.2	299.5	380.0	474.3	583.4
Gastric cancer	9.0	13.0	18.2	25.9	36.9	51.8	72.8	102.5	143.5	199.3	274.1	373.5	504.6
Breast cancer	11.9	17.0	23.5	32.8	45.8	62.4	84.7	114.2	152.2	200.0	258.7	329.7	414.3
Hepatobiliary cancers	5.2	7.4	10.2	14.3	20.3	28.0	39.0	54.3	75.1	103.0	140.1	189.0	253.1
Bladder cancer	0.3	0.5	0.8	1.2	1.9	2.9	4.3	6.5	9.7	14.4	20.9	30.1	42.8
Prostate cancer	0.3	0.4	0.6	0.8	1.2	1.7	2.4	3.3	4.6	6.4	8.6	11.5	15.3
Ovarian cancer	0.8	1.2	1.8	2.5	3.7	5.2	7.4	10.3	14.3	19.7	26.6	35.4	46.6
Other cancers	—	—	—	—	—	14.3	29.6	58.1	108.4	191.7	322.0	515.3	788.8
Total market size	**187.6**	**261.0**	**356.1**	**481.5**	**644.7**	**849.7**	**1,100.7**	**1,418.1**	**1,814.0**	**2,302.4**	**2,901.2**	**3,633.5**	**4,528.1**

The table below sets forth the historical and forecasted population of China's cancer patients who will take NGS-based cancer therapy selection for various types of cancers from 2018 to 2030:

	2018	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
	In thousands												
Lung cancer	113.4	146.6	189.9	238.2	290.5	345.5	402.4	459.9	517.4	574.1	629.4	683.1	734.8
Colorectal cancer	15.9	21.2	28.0	36.3	46.6	59.0	73.8	91.4	111.9	135.6	162.7	193.5	228.1
Gastric cancer	7.2	9.8	13.2	17.6	23.2	30.6	40.3	52.8	69.1	90.2	117.4	152.4	197.3
Breast cancer	9.6	12.9	17.0	22.3	28.8	37.0	46.9	58.9	73.3	90.5	110.8	134.5	162.0
Hepatobiliary cancers	4.2	5.6	7.4	9.7	12.8	16.6	21.6	28.0	36.2	46.6	60.0	77.1	99.0
Bladder cancer	0.3	0.4	0.6	0.8	1.2	1.7	2.4	3.4	4.7	6.5	9.0	12.3	16.7
Prostate cancer	0.2	0.3	0.4	0.6	0.7	1.0	1.3	1.7	2.2	2.9	3.7	4.7	6.0
Ovarian cancer	0.7	0.9	1.3	1.7	2.3	3.1	4.1	5.3	6.9	8.9	11.4	14.4	18.2
Other cancers	—	—	—	—	—	8.4	16.4	30.0	52.2	86.8	137.9	210.2	308.4
Total patient population	**151.6**	**197.8**	**257.8**	**327.3**	**406.2**	**503.0**	**609.1**	**731.4**	**873.9**	**1042.0**	**1242.2**	**1482.1**	**1770.6**

Biomarkers and Corresponding Targeted Therapies and Immunotherapies

The table below sets forth the biomarkers associated with various types of cancer and their corresponding targeted therapies and immunotherapies, including those recommended under treatment guidelines published by the NCCN and innovative biomarkers:

Type of cancer	Biomarker		Recommended targeted therapies and immunotherapies
Lung cancer	NCCN-recommended	EGFR	Osimertinib, Erlotinib, Afatinib, Gefitinib, Dacomitinib
		ALK	Alectinib, Brigatinib, Ceritinib, Crizotinib, Lorlatinib
		ROS1	Crizotinib, Entrectinib, Ceritinib, Lorlatinib
		BRAF V600E	Dabrafenib+Trametinib, Vemurafenib, Dabrafenib
		NTRK	Larotrectinib, Entrectinib
		PD-L1	Pembrolizumab, Atezolizumab
		MET	Crizotinib
		RET	Cabozantinib, Vandetanib
		HER2	Ado-trastuzumab emtansine
		TMB	Nivolumab+Ipilimumab, Nivolumab
	Innovative	KRAS	AMG 510 / MRTX849
		BRAF non-V600E	Trametinib
		FGFR	Erdafitinib
		DDR2, CBL	Sitravatinib
		NFE2L2,KEAP1	Sapanisertib
		RICTOR	Sapanisertib
		NRG1	Zenocutuzumab, Afatinib
		HRR genes	Talazoparib
		PIK3CA, PTEN	Serabelisib, Alpelisib, Taselisib
		AKT	Ipatasertib
		ERBB3	U3-1402
Colorectal cancer	NCCN-recommended	KRAS/NRAS/BRAF V600E wild type	Cetuximab, Panitumumab
		dMMR/MSI-H	Pembrolizumab, Nivolumab±Ipilimumab
		NTRK	Larotrectinib
		BRAF V600E	Irinotecan+Cetuximab/Panitumumab+Vemurafenib, Dabrafenib+Trametinib+Cetuximab/Panitumumab, Encorafenib+Binimetinib+Cetuximab/Panitumumab
		HER2	Trastuzumab+Pertuzumab/Lapatinib
	Innovative	KRAS	AMG 510, MRTX849
		NRAS	Binimetinib, LY3214996, KO-947
		BRAF non-V600E	Trametinib
		ALK, ROS1	Crizotinib, Entrectinib
		RET	Regorafenib, LOXO-292, Pralsetinib
		MET	Cabozantinib+Panitumumab
		POLE, POLD1	Pembrolizumab, Nivolumab
		RNF43	WNT974, RXC004
		PIK3CA	Cabozantinib
		FLT1, FLT4, KDR	Axitinib, Regorafenib, Pazopanib
Gastric cancer	NCCN-recommended	HER2	Trastuzumab
		MSI-H/dMMR	Pembrolizumab
	Innovative	FGFR2	Bemarituzumab (FPA144), AZD4547
		PTEN	Ipatasertib (GDC-0068), GSK2636771
		MET	Onartuzumab, Rilotumumab
		EGFR	Nimotuzumab, Varlitinib

Type of cancer	Biomarker		Recommended targeted therapies and immunotherapies
Breast cancer	NCCN-recommended	ERBB2	Trastuzumab, Pertuzumab
		BRCA1/2	Olaparib, Talazoarib, Carboplatin, Cisplatin
		PIK3CA	Alpelisib
	Innovative	ERBB2/3	T-DM1, DS-8201a, Aafatinib, Poziotinib, Trastuzumab, Lapatinib, Neratinib, TAS0728, A-166
		AKT	Ipatasertib, Capivasertib
		PI3K, PTEN	Buparlisib, Taselisib
		BRCA1/2	Niraparib, Rucaparib, Veliparib
		HRR genes	Olaparib, Talazoparib, Rucaparib, Veliparib, Prexasertib
		EGFR	Poziotinib, Afatinib
		FGFR1/2/3	Erdafitinib, Debio1347
		POLD1	Pembrolizumab
Hepatobiliary cancers	NCCN-recommended	dMMR/MSI-H	Pembrolizumab
	Innovative	dMMR/MSI	M7824
		FGFR1/2/3/4	Erdafitinib, Debio1347, Derazantinib, Infigratinib
		IDH1/2	Ivosidenib, Enasidenib
		ERBB2/3	A166, TAS0728
Bladder cancer	NCCN-recommended	FGFR2/3	Erdafitinib
	Innovative	FGFR	Rogaratinib, Vofatamab, Derazantinib, Pemigatinib,
		ERBB2	Afatinib, Trastuzumab+pertuzumab, T-DM1, Neratinib, A166, DF1001
		DDR genes	Olaparib,
			Gemcitabine Plus Cisplatin
		PI3K, PTEN	Buparlisib, GSK2636771
		TCS1/TSC2	Sapanisertib
		mTOR	Everolimus
Prostate cancer	NCCN-recommended	dMMR/MSI-H	Pembrolizumab
	Innovative	DDR genes	Olaparib, Talazoparib, Niraparib, Rucaparib
		PI3K, PTEN	LY3023414, GSK2636771
		CDK4/6, CCND1/2/3, CDKN2A/B, RB1	Ribociclib, Palbociclib
Ovarian cancer	NCCN-recommended	dMMR/MSI-H	Pembrolizumab
		BRCA1/2	Olaparib, Rucaparib
		NTRK	Entrectinib, Larotrectinib
	Innovative	HRR genes	Olaparib, Niraparib, Veliparib, Talazoparib, Prexasertib
		P13K, PTEN	Copanlisib, ARQ 092
		ERBB2	HER2 CTL peptide-based vaccine, A-166
		CDK4/6, CCND1/2/3, CDKN2A/B, RB1	Pajbociclib, Abmeciclib, Ribociclib
Solid tumor	Innovative	KRAS	AMG 510, MRTX849, BI 1701963
		AKT	Capivasertib
		CDK4/6, CCND1/2/3, CDKN2A/B, RB1	Palbociclib, Abemaciclib, Ribociclib
		ERBB3	TAS0728, GSK2849330
		EZH2	Tazemetostat
		CCNE1, FBXW7, MYC, RB1	Prexasertib
		FGF19	BLU-554
		FGFR	Erdafitinib, Debio1347
		FLCN, mTOR, RHEB, TSC	Temsirolimus
		FLT1/4, KDR	Axitinib, Regorafenib, Pazopanib
		GNA11, GNAQ	Sorafenib, Trametinib
		NRAS, HRAS	Tipifarnib
		KEAP1, STK11	Telaglenastat
		HRR genes	Olaparib, Rucaparib, Niraparib, Talazoparib, Prexasertib
		MAP2K1	Ulixertinib
		MDM2/4	Milademetan, BI 907828, AMG 232
		MYC	Prexasertib, Barasertib
		NF1	Telaglenastat
		NF2	Defactinib
		PTCH1, SMO	Vismodegib
		PIK3CA, PTEN	GSK2636771, AZD8186
		RHEB	Temsirolimus
		SETD2	Adavosertib
		SMARCA4, SMARCB1	Tazemetostat
		SRC	Bosutinib, Dasatinib
		TP53	Prexasertib, Adavosertib

BUSINESS

OUR MISSION

Guard life via science.

OVERVIEW

We aim to transform precision oncology and early cancer detection. We are China's number one NGS-based cancer therapy selection company, as evidenced by the largest market share of 26.7% in China's NGS-based cancer therapy selection market in terms of number of patients tested in 2019, according to CIC. Our cancer therapy selection platform is built upon our advanced proprietary technologies, comprehensive portfolio of products and a two-pronged market-driven commercial infrastructure addressing both larger hospitals through our in-hospital model and smaller hospitals through our central laboratory model.

Our advanced technology platform integrates cutting-edge proprietary cancer therapy selection technologies using both tissue and liquid biopsies, including assay biochemistry, bioinformatics, a patented laboratory information management system and expansive genomic databases. Our proprietary HS library preparation technology allows us to work with poor quality and limited volume samples and enables enhanced sensitivity—capabilities that are critical to effectively deploying NGS-based cancer therapy selection, especially in China. Our in-depth cancer genomics insights, accumulated from over 185,000 tests performed since our inception, enable us to process and accurately analyze genomic information and achieve a median turnaround time of 6 days.

Our NGS-based cancer therapy selection test products are used to assist physicians in selecting the most effective therapy for cancer patients. We currently offer 13 NGS-based cancer therapy selection tests applicable to a broad range of cancer types, including lung cancer, gastrointestinal cancer, prostate cancer, breast cancer, lymphomas, thyroid cancer, colorectal cancer, ovarian cancer, pancreatic cancer, and bladder cancer, using both tissue and liquid biopsy samples. Our core products, including OncoScreen Plus and LungPlasma, perform on par with those of our global peers. We are the clear leader in the lung cancer segment of China's NGS-based cancer therapy selection market, with a market share of 31.0% in terms of number of patients tested in 2019, according to CIC. We believe we offer the best NGS-based cancer therapy selection products and services in China, and we have won the trust of pharmaceutical companies, physicians, hospitals and patients with our high quality standards, superior product performance and strong service support. Our products are recognized by the medical, pharmaceutical and scientific communities, as evidenced by (i) the use of our products by oncology key opinion leaders in clinical trials and research studies they initiate, and (ii) our collaborations on clinical trials and research studies with leading pharmaceutical companies including AstraZeneca (NYSE: AZN), Bayer (ETR: BAYN), Johnson & Johnson (NYSE: JNJ), Sino Biopharm (HKEX: 1177), CStone (HKEX: 2616) and BeiGene (HKEX: 6160), primarily by providing central laboratory services and companion diagnostics development services to these pharmaceutical companies. The results of these clinical trials and research studies have been published in 91 peer-reviewed articles, and the results of research studies using our products have been published in 76 peer-reviewed articles.

We are the only company in China that has both (i) an NGS laboratory certified under the CLIA, accredited by the CAP, and certified by China's NCCL, and (ii) an NGS-based reagent kit approved by China's NMPA. We believe these certifications, accreditations and regulatory approvals endorse the efficiency, accuracy and consistency of our testing results.

We pioneered a two-pronged commercial infrastructure, consisting of both central and in-hospital laboratories, to maximize market penetration and create higher barriers to entry.

- ***Central laboratory model***: Our central laboratory processes cancer patients' tissue and liquid biopsy samples delivered to us from hospitals across China and issues test reports. This model has enabled us to become China's largest provider of NGS-based cancer therapy selection tests while building

relationships with 4,162 physicians from 602 hospitals across China. Our central laboratory also supports our collaborations with pharmaceutical companies. We are the number one in the central laboratory segment of China's NGS-based cancer therapy selection market, with a market share of 17.5% in terms of number of patients tested in 2019, according to CIC. Revenue from our central laboratory model has accounted for a substantial majority of our revenue to date, and we expect it to continue to grow.

- ***In-hospital model***: Chinese hospitals generally prefer to conduct laboratory tests in-house. However, despite the large and growing demand for NGS-based cancer therapy selection tests, hospitals face multiple challenges in adopting these tests, which have technically sophisticated workflows. In 2016, we became China's first NGS-based cancer therapy selection company to offer an in-hospital model, providing turn-key solutions to address Chinese hospitals' challenges in adopting NGS-based cancer therapy selection. We help our partner hospitals establish their in-hospital laboratories, install laboratory equipment and systems, and provide ongoing training and support. With these laboratories, equipment and systems in place, we sell them our reagent kits on a recurring basis, which allow them to perform testing on their own in a standardized manner. We have partnered with 44 Class III Grade A hospitals (the highest of China's nine-tiered hospital designation system), giving us a 79.9% market share in the in-hospital segment of China's NGS-based cancer therapy selection market in terms of number of patients tested in 2019, according to CIC. While revenue from our in-hospital model is still relatively small, we are investing substantially to expand it and expect it to become an increasingly important segment of China's NGS-based cancer therapy selection market.

Our proprietary database, OncoDB, includes over 185,000 cancer therapy selection test results. OncoDB enables us to build our Live Annotation Visualization and Analysis, or LAVA, a cloud-based cancer genomic data ecosystem that facilitates the broader exchange of real-time clinically actionable genomic data among physicians. Over 420 physicians from 120 hospitals have joined LAVA. We plan to expand LAVA to pharmaceutical companies and hospitals to assist in clinical trials and research studies. As LAVA expands, we believe that it will create business opportunities for all of its participants.

In addition to our NGS-based cancer therapy selection tests, we are also investing in our development of early cancer detection tests. Early cancer detection can substantially increase the chances of successful treatment and therefore presents enormous market opportunities. However, it is extremely difficult to develop liquid biopsy-based early cancer detection tests with the sensitivity and specificity needed for the tests to be clinically useful. Our targeted DNA methylation-based library preparation technologies and bioinformatics effectively address these challenges by enhancing the signal-to-noise ratio on the most informative cancer-associated methylation loci and blocks, enabling us to detect extremely low circulating levels of cancer biomarkers to facilitate accurate early detection of multiple cancers. Our early cancer detection technologies have demonstrated sensitivities of 52% for Stage Ia lung cancer, 71% for Stage I colorectal cancer and 85% for Stage I hepatocellular carcinoma, at specificities of 96-99% (meaning 96-99% of the people who do not have these early-stage cancers test negative for such cancers), which compare similarly to those of our global peers, based on to publicly available data. We will continue our research and development efforts in early cancer detection, with the aim of developing pan-cancer early detection products.

Molecular residual disease, or MRD, detection is useful for monitoring post-treatment cancer patients, and we are also researching ways to leverage our existing technologies to develop MRD detection products.

We are one of the fastest-growing companies in China's NGS-based cancer therapy selection market. Our revenue increased by 87.9% from RMB111.2 million in 2017 to RMB208.9 million in 2018 and further increased by 82.7% to RMB381.7 million (US$53.9 million) in 2019. Our revenue was RMB67.3 million (US$9.5 million) for the three months ended March 31, 2020. Our gross profit increased by 88.4% from RMB71.7 million in 2017 to RMB135.1 million in 2018 and further increased by 102.4% to RMB273.3 million (US$38.6 million) in 2019. Our gross profit was RMB44.8 million (US$6.3 million) for the three months ended March 31, 2020. Our gross profit margin was 64.5%, 64.7%, 71.6% and 66.5% in 2017, 2018, 2019 and the three months ended March 31, 2020, respectively.

OUR COMPETITIVE STRENGTHS

Market-leading position in China's NGS-based cancer diagnostics industry that will drive continued growth

We are China's number one NGS-based cancer therapy selection company, as evidenced by the largest market share of 26.7% in China's NGS-based cancer therapy selection market in terms of number of patients tested in 2019, according to CIC. Our cancer therapy selection platform is built upon our advanced proprietary technologies, comprehensive portfolio of world-class products and a two-pronged market-driven commercial infrastructure addressing both larger hospitals through our in-hospital model and smaller hospitals through our central laboratory model.

We have helped jointly define standards for this rapidly evolving industry by educating China's medical community on NGS-based cancer therapy selection by collaborating on publications with oncology key opinion leaders and presentations at major academic conferences. Our technology and research are widely regarded and cited among the scientific community, as evidenced by (i) the use of our products by oncology key opinion leaders in clinical trials and research studies they initiate, and (ii) our collaborations on clinical trials and research studies with leading pharmaceutical companies including AstraZeneca, Bayer, Johnson & Johnson, Sino Biopharm, CStone, and BeiGene, primarily by providing central laboratory services and companion diagnostics development services to these pharmaceutical companies. The results of these clinical trials and research studies have been published in 91 peer-reviewed articles, and the results of research studies using our products have been published in 76 peer-reviewed articles. We have also worked with regulators to share our insights on the nature of the NGS technology and obtained the most comprehensive portfolio of product and laboratory certifications. Among the over 300 NGS-based cancer therapy selection companies in China, we are the only one holding comprehensive regulatory certificates and approvals—including China's first NMPA-approved NGS-based reagent kit, China's second NGS laboratory with the NCCL certification and China's first NGS laboratory with the CLIA laboratory certification, as well as CAP certificates of accreditation.

We believe our market-leading position will drive our continued growth by (i) supporting the continued expansion of our genomic database, which will further strengthen our technologies and products; (ii) giving us first-mover advantages in terms of market acceptance of our products as physicians will be most familiar with and confident in them; (iii) allowing us to establish and benefit from barriers to entry, especially in our in-hospital model; (iv) allowing us to benefit from economies of scale, and (v) enabling us to build on our technology platform to develop proprietary technologies for early cancer detection, which can substantially increase cancer patients' chances of successful treatment and improve their quality of life.

Advanced NGS-based cancer therapy selection technologies

We believe we have cutting-edge NGS-based cancer therapy selection technologies. We have developed proprietary technologies that effectively address the unique challenges in applying NGS-based cancer therapy selection, especially in China. Our proprietary HS library preparation technology can derive accurate results from low quality DNA in formalin-fixed paraffin-embedded, or FFPE, samples or liquid biopsy samples containing small quantities of ctDNA, allowing us to work with the poor quality and limited volume samples that are typical in the oncology field, especially in China. Our proprietary unique molecular index, or UMI, technology and bioinformatics enable us to achieve increased assay sensitivity and lower our ctDNA detection limit to 0.1% or lower, significantly enhancing the accuracy of liquid biopsy tests. We have co-developed Magnis BR, China's first and only capture-based—one of the two major enrichment methods widely used for targeted DNA sequencing, where probe is used to "capture" specific genomic regions of interest for downstream sequencing—fully automated NGS library preparation system, and associated library preparation reagents, with Agilent, which assist Chinese hospitals in adopting NGS-based cancer therapy selection.

A comprehensive portfolio of cancer therapy selection products

We offer 13 NGS-based cancer therapy selection tests that analyze genes associated with a broad range of cancer types. The design and performance of our products perform on par with world-class cancer therapy

selection companies. They have been widely adopted, especially in the lung cancer segment of China's NGS-based cancer therapy selection market, where we are the clear market leader with a market share of 31.0% in terms of number of patients tested in 2019, according to CIC.

Our OncoScreen Plus, which reflects the latest developments in targeted therapy and immunotherapy, tests for 520 genes associated with most solid tumors for which there is an FDA- or NMPA-approved therapy, as well as immunotherapy-related biomarkers such as microsatellite instability, or MSI, and tumor mutation burden, or TMB, which provide additional insights for therapy selection. OncoScreen Plus also participated in the FDA-initiated SEQC2 study for global tissue-based NGS assay comparison. Our selection of tissue- and liquid-based lung cancer tests—from eight-gene LungCure to 168-gene LungPlasma—cater to the different clinical needs and budgets of patients with NSCLC, China's most prevalent cancer and the cancer with the highest mortality rate.

The design and performance of our products have been endorsed by their adoption in clinical trials and research studies conducted by leading domestic and global biopharmaceutical companies. AstraZeneca selected our LungPlasma as the only NGS-based product for its Tagrisso (Osimertinib) Phase III diagnostic methods comparison study, and it also selected our HRDCore for the Phase III clinical study of a drug candidate. Our OncoScreen Plus was selected by (i) Janssen, a subsidiary of Johnson & Johnson, in a clinical study to conduct analysis of blood samples collected from patients with various kinds of advanced solid tumors, (ii) CStone for the Phase III clinical trial of its CS1001 to detect the biomarker TMB for NSCLC patients, and (iii) BeiGene, to detect TMB in its domestic and international clinical trials for its PD-1 drug candidate. An affiliate of Sino Biopharma selected our LungCure and OncoScreen Plus for its Phase I/II clinical study of a drug candidate for local advanced or metastatic NSCLC.

Two-pronged commercial infrastructure creating high barriers to entry

Our two-pronged commercial infrastructure is tailored to maximize our penetration into China's NGS-based cancer therapy selection market, with (1) a central laboratory model to build our brand awareness and market share and serve hospitals that lack the necessary scale to establish their own facilities; and (2) an in-hospital model to address the enormous in-hospital segment of China's NGS-based cancer therapy selection market.

The rapid growth of our central laboratory model has enabled us to become China's number one provider of NGS-based cancer therapy selection tests while building relationships with hospitals across China. Our central laboratory also supports our collaborations with pharmaceutical companies on clinical trials and research studies. We are the number one in the central laboratory segment of China's NGS-based cancer therapy selection market, with a market share of 17.5% in terms of number of patients tested in 2019, according to CIC.

Chinese hospitals generally prefer to conduct laboratory tests in-house, but they face multiple challenges in adopting technically demanding NGS-based cancer therapy selection tests for in-house use. In 2016, we became the first company in China to offer an in-hospital model, which provides a turn-key solution for Chinese hospitals. In establishing in-hospital laboratories, we take responsibility throughout the process from laboratory redesign, laboratory equipment procurement and system installation to ongoing training and support—effectively addressing Chinese hospitals' challenges. We believe that this business model fosters customer loyalty and creates high barriers to entry. We have partnered with 44 Class III Grade A hospitals, and established a 79.9% market share in the in-hospital segment, which we expect to become an increasingly important segment of China's NGS-based cancer therapy selection market.

Breakthrough technologies in early cancer detection

We have developed two proprietary technologies that address major challenges in China's early cancer detection industry. Early cancer detection presents an enormous market opportunity. In 2018, approximately 60%, or 2.5 million cases, of China's cancer incidence are diagnosed in late-stage (Stage III or IV), more than three times the number of such cases in the U.S. The high late-stage diagnosis rate is an important factor behind

China's annual high mortality from cancer, which is 2.8 million cases in 2018, more than four times of that of the U.S. The wide adoption of early cancer detection can significantly improve the prognosis and quality of patients' life while reducing mortality rates and treatment costs. However, it is extremely difficult to develop liquid biopsy-based early cancer detection tests with the sensitivity and specificity needed for the tests to be clinically useful. Our proprietary technologies that detect extremely low circulating levels of cancer biomarkers facilitate accurate early detection of multiple cancers by enhancing the signal-to-noise ratio on the most informative cancer-associated methylation loci and blocks. Our early cancer detection technologies have demonstrated sensitivities of 52% for Stage Ia lung cancer, 71% for Stage I colorectal cancer and 85% for Stage I hepatocellular carcinoma, at specificities of 96-99%, which compare similarly to those of our global peers, based on publicly available data. With our advanced technologies, we believe that we are well-positioned to succeed in China's early cancer detection industry.

Multidisciplinary management team across molecular biology, genetics, biostatistics and marketing

Our multidisciplinary management team has the skills and experience necessary to drive our growth, including the science skills necessary to develop world-class products, the data skills to analyze and benefit from the enormous genomic database we have and continue to expand, and the commercial skills necessary to reach the Chinese hospitals and physicians who use our products. Led by our founder, chairman of the board of directors and chief executive officer Mr. Yusheng Han, this team has technical expertise gained from industry experience in companies and research institutes such as Novartis, Pfizer, Illumina, Memorial Sloan Kettering Cancer Center and the Howard Hughes Medical Institute, as well as post-graduate degrees in molecular biology, genetics, medicine and biostatistics, with our chief operating officer and chief technology officer holding PhDs from the University of Pennsylvania and Duke University, respectively. The team is also experienced in commercialization and marketing in the biotech sector, combined with venture capital, private equity, investment banking and management consulting experience.

OUR STRATEGIES

Increase market penetration of our cancer therapy selection products and expand our product portfolio

To reinforce our market-leading position in China's NGS-based cancer therapy selection market, we plan to continue to increase the market penetration of our cancer therapy selection products and expand our product portfolio. In particular, we plan to continue:

- deploying our fully-automated NGS library preparation system to strengthen our leading position in the in-hospital segment of China's NGS-based cancer therapy selection market;
- conducting sales and marketing activities to drive the rapid adoption of our cancer therapy selection products, particularly in the in-hospital segment of China's NGS-based cancer therapy selection market;
- expanding and validating clinical utility of our cancer therapy selection products to the MRD detection market;
- seeking additional regulatory approvals for our cancer therapy selection products, including obtaining MNPA approvals for more of our cancer therapy selection products and completing related clinical trials; and
- designing and bringing to market comprehensive NGS-based cancer therapy selection products for upcoming targeted therapies and immunotherapies and collaborating with leading pharmaceutical companies in clinical trials and research studies.

Continue research and development in early cancer detection

We will continue our research and development efforts in early cancer detection, with the aim of developing pan-cancer early detection products. We intend to leverage our key technical capabilities and our collaborating

relationships with oncology key opinion leaders to enhance the performance and validate the clinical utility of our pan-cancer early detection products.

Use our genomic database to build an ecosystem connecting physicians, hospitals and pharmaceutical companies that will create business opportunities for all participants

We will expand LAVA, our cancer genomic data ecosystem, to pharmaceutical companies and hospitals to assist in clinical trials and research studies and improve institutional data integration. We will invest in building on LAVA's capabilities to enable physicians, hospitals and pharmaceutical and diagnostic companies to exchange reliable, real-time, and clinically relevant genomic data. With LAVA, we aim to promote information flow among all participants—leading to better clinical results for patients. As our cancer therapy selection business expands, our cancer genomic data ecosystem will grow with it, and it will in turn help increase customer loyalty and drive the growth of our business. As LAVA expands, we believe that it will create business opportunities for all of its participants.

OUR TECHNOLOGIES

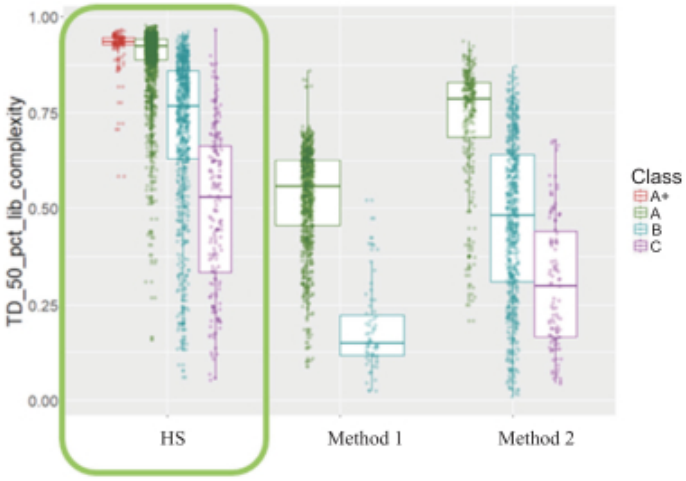
NGS-Based Cancer Therapy Selection Technologies

The adoption of NGS-based cancer therapy selection in China presents a number of challenges, including (i) library preparation and probe hybridization using the low-quality FFPE samples containing degraded or low quantities of DNA that are common in China, and (ii) Chinese hospitals typically prefer to perform tests in-house rather than outsourcing to third parties, but lack the required expertise, knowledge and skills to perform NGS-based cancer therapy selection tests. We have developed the proprietary assay biochemistry and bioinformatics described below that underlie our current product portfolio and effectively address those challenges.

HS Library Preparation Technology—Enhancing Capture Efficiency for Low-Quality FFPE Samples

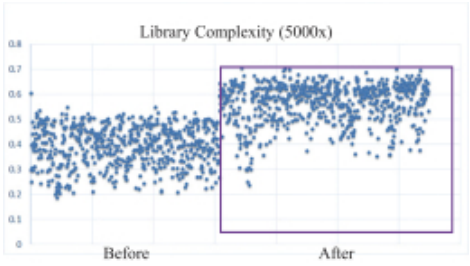
The low quality FFPE samples available in China often fail to meet the minimum quality and quantity thresholds required for standard NGS-based cancer therapy selection. Our proprietary High Sensitivity, or HS, library preparation technology improves the capture efficiency of low-quality FFPE samples and enables us to maximize the capture of unique DNA molecules, which are used to make up the sequencing library. This technology improves by approximately 80% the library conversion and library complexity—a measure of the number of unique DNA molecules present in a DNA library—of DNA libraries derived from FFPE samples, enabling us to work with low-quality FFPE samples. When applied to liquid biopsy ctDNA samples, our HS library preparation technology shows similar improvements in library complexity, enabling us to work with liquid biopsy ctDNA samples as small as 10-nanograms.

The diagram below illustrates the significant improvements in complexity and overall quality of DNA libraries derived from clinical FFPE samples of different quality levels (from the highest level "A+" to the lowest level "C") using our HS library preparation technology, each as compared with conventional library preparation methods:



Comparison of FFPE DNA library complexity and quality at 500X raw depth

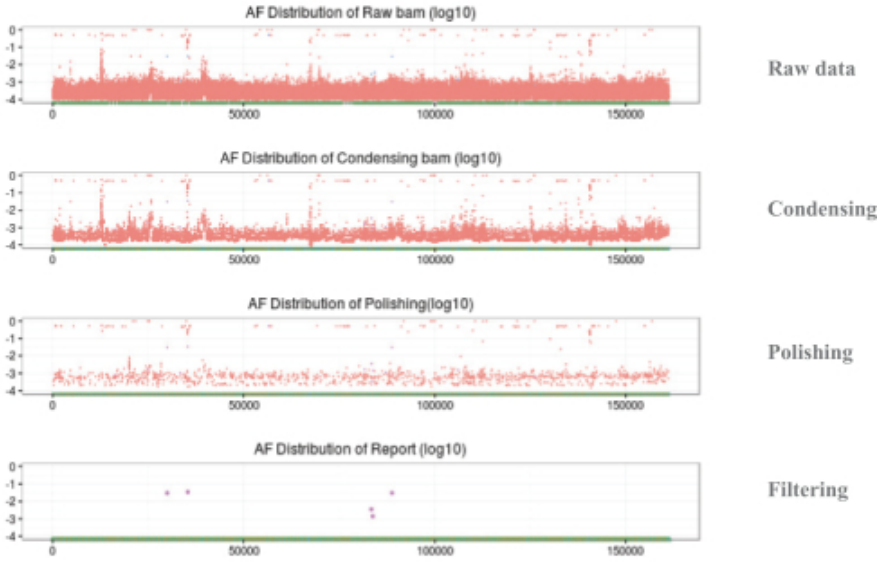
The diagram below illustrates the improvements (denoted as "after") in library complexity of liquid biopsy ctDNA samples achieved using our HS library preparation technology:



Liquid Biopsy Technologies—Enabling Super-High Sensitivity in ctDNA Samples Through Signal-Noise Ratio Enhancement

Compared to tissue biopsies, NGS-based ctDNA liquid biopsies require higher technological capabilities and expertise because of the low concentrations of ctDNA in liquid biopsy samples. In addition to our HS technology, we have also developed our UMI technology and corresponding bioinformatics, which improve the signal detection and noise control capabilities of our liquid biopsy-based tests and accurately distinguish true origin of DNA fragments from those that are duplicated, contaminated, erroneous or otherwise irrelevant. These technologies increase test sensitivity and lower our ctDNA detection limit by five to ten times to 0.1% or lower, which significantly enhances the accuracy of our liquid biopsy-based tests.

The diagram below illustrates the noise reduction achieved by applying our UMI technology in ctDNA sample library preparation:



MSI Calling Algorithms—World-Class NGS-Based Algorithms Detecting MSI in Tissue and Liquid Biopsies

Polymerase chain reaction-, or PCR-, based methods have been the conventional method for detecting microsatellite instability, or MSI, an important biomarker for immune-oncology treatment selection. We have developed proprietary NGS-based MSI calling algorithms, prettyMSI and bMSISEA, which enable our tests to accurately detect the presence of MSI in tissue and ctDNA samples, respectively. By incorporating these algorithms, our tissue and liquid biopsy-based tests provide patients a one-stop, cost-effective solution for the detection of genomic alterations of targeted genes and MSI in a single test. According to CIC, our MSI calling algorithms have higher sensitivity than substantially all other published MSI algorithms.

In 2018, our prettyMSI algorithm was clinically validated in an MSI detection study with the results published in a 2018 March Journal of Molecular Diagnostics article "*A novel and reliable method to detect microsatellite instability in colorectal cancer by next-generation sequencing*." In 2020, our bMSISEA algorithm was clinically validated in an MSI detection study, the result of which will be published in an article titled "*Detection of microsatellite instability from circulating tumor DNA by targeted deep sequencing*", that has been submitted to and accepted by the same journal. In 2019, one of our products using the prettyMSI algorithm was endorsed and recommended in *Chinese Experts Consensus on MSI testing*.

Automated NGS Library Preparation System—Enabling Automation and Standardization of In-Hospital Laboratories

Hospitals in China generally lack the expertise necessary to conduct NGS-based cancer therapy selection. In addition, the conventional process flows that most Chinese hospitals use not only make the testing process time consuming, but also introduce contamination risk in the library preparation stage, which reduces testing accuracy. We have been a pioneer in helping Chinese hospitals address these challenges, and in September 2019, we launched Magnis BR, China's first and only capture-based fully automated NGS library preparation system, and associated library preparation reagents, which we co-developed with Agilent. Magnis BR and its associated reagents are particularly suitable for Chinese hospitals because they fully automate the NGS library preparation

process, converting DNA samples into sequencing-ready libraries in around nine hours. Magnis BR can process 112 samples per week.

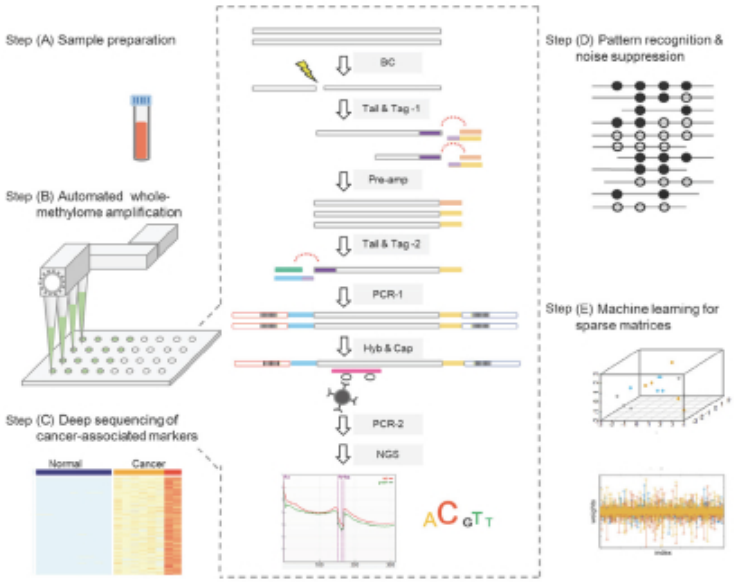
Early Cancer Detection Technologies

In 2016, we started our research and development on the use of targeted DNA methylation in early cancer detection. Early cancer detection can substantially increase the chances of successful treatment, and accordingly presents enormous market opportunities. However, it is extremely difficult to develop liquid biopsy-based early cancer detection tests with the sensitivity and specificity needed for the tests to be clinically useful. To effectively address the technical challenges of early cancer detection, we have developed targeted DNA methylation-based library preparation technologies and bioinformatics that sensitively detect extremely low circulating levels of cancer biomarkers by enhancing the signal-to-noise ratio on the most informative cancer-associated methylation loci and blocks, facilitating the accurate early detection of multiple cancers.

We have built on our technology platform to develop proprietary technologies for early cancer detection using analysis of change in DNA methylation, a promising biomarker associated with the initiation of certain cancers. BrELSA™ is our proprietary targeted DNA-methylation-based library preparation technology for early cancer detection. It significantly increases the conversion rate, and maximizes the preservation, of sequenceable DNA fragments; it also ensures that the methylation sites of pathogenic significance are captured. These capabilities allow us to prepare sequenceable libraries using liquid biopsy samples as small as 5 to 10 milligrams. We also use targeted DNA methylation reinforced malignancy non-invasive detection, or brMERMAID™, our proprietary bioinformatics and statistical algorithm for the early detection of multiple types of cancers. We train brMERMAID™ with real world clinical samples and its machine learning capability enables continuous performance improvements as it incorporates data from additional clinical samples. The combination of brELSA™ and brMERMAID™ enables highly sensitive, accurate and robust early cancer detection results that are on par with global leaders.

At the American Association of Cancer Research (AACR) Annual Meeting 2019, we presented a poster that demonstrated the data of early detection of lung cancer using our methylation profiling method combining brELSA™ and brMERMAID™. In addition, in the Special Conference on Advances in Liquid Biopsies hosted by AACR in 2020, we presented a poster regarding brELSA™ and brMERMAID™ titled "*Multiplatform analysis of early-stage cancer signatures in blood*." At the upcoming AACR Virtual Annual Meeting II, our new data regarding early detection of ovarian cancer will be presented in a poster titled "*Methylation profiling of circulating tumor DNA for the detection of ovarian cancer*."

The diagram below illustrates our early cancer detection workflow incorporating brELSA™ and brMERMAID™:



Step (A) Sample preparation: 8-10 ml of venous blood is collected and processed to isolate circulating cell-free DNA, or cfDNA, which is a cancer biomarker.

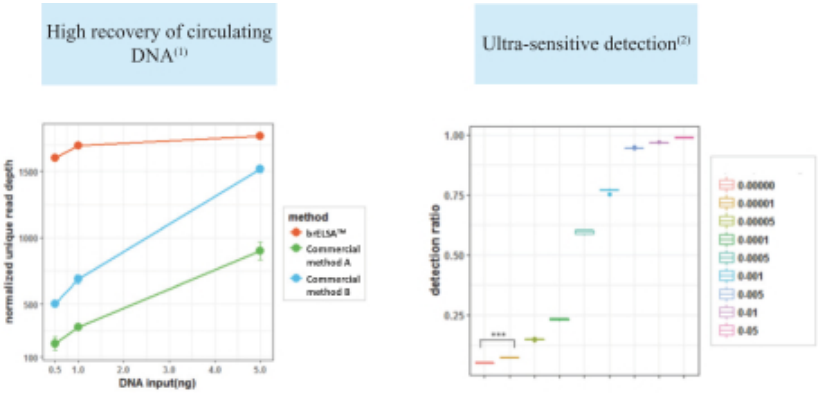
Step (B) Automated whole-methylome amplification: DNA Libraries are prepared using a method called whole methylome bisulfite sequencing, or WGBS, in an automated way. WGBS is a widely used method to profile the methylation landscape of the whole genome. The detailed sub-steps are shown in the center of the above diagram.

Step (C) Deep sequencing of cancer-associated markers: Probes are used to capture the specific genomic regions associated with common types of cancer, and the captured regions are then sequenced at high depth. The detailed sub-steps are shown in the center of the above diagram.

Step (D) Pattern recognition & noise suppression: After the methylation changes are detected, statistical algorithms are used to differentiate signals from noise in the sequencing data and the signals are then categorized into specific patterns.

Step (E) Machine learning for sparse matrices: An algorithm is built to differentiate tumor samples from normal samples. This algorithm combines numerous random and scarce methylation patterns to address challenges arising from low circulating levels of tumor DNA in early-stage cancer patients.

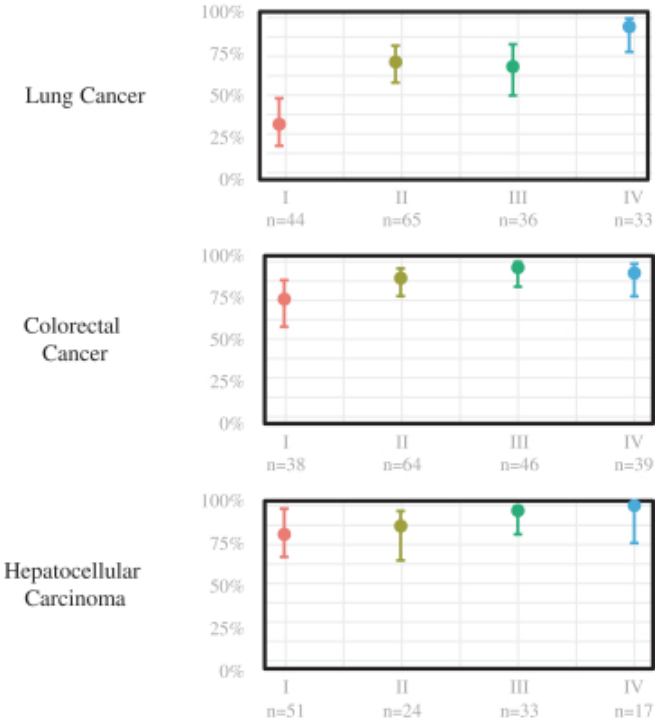
The graphs below show that our brELSA™ technology enables higher recovery of circulating DNA in library preparation and sequencing as compared to two commercially available kits. The high recovery rate and deep sequencing of targeted methylated region facilitates the ultra-high detection sensitivity, with the limit of detection as low as 0.001%:



(1) The graph shows the unique read depth (Y-axis) observed with different quantities of DNA input (X-axis) of *E.coli* (DH5a)—a type of bacteria used in labs worldwide as a host for DNA sequences, using brELSA™ and two commercially available kits when sequenced to ~ 2,000X median depth. It shows that brELSA™'s unique read depth is consistently higher than the other two kits, which in turn enables higher recovery of circulating DNA in library preparation and sequencing.

(2) The x-axis denotes cell lines with various known proportions of methylation sites, with the exact proportion numbers (from 0.00000, or 0.000% to 0.05, or 5%) as indicated in the box on the right; the y-axis denotes the percentage of methylation sites being recognized as positive using brELSA™. This graph demonstrates that even for the most signal-scarce sample —0.00001 (0.001%) tumor cell DNA shown as the yellow bar in the graph—the overall sample can still be recognized as positive, as indicated by the three asterisks in the graph. This result shows that brELSA™ has ultra-high detection sensitivity, with a limit of detection as low as 0.001%.

The table below sets forth the sensitivity of our early cancer detection technologies for the detection of stage I-IV lung cancer, colorectal cancer and hepatocellular carcinoma at 96-99% specificity:



We plan to upgrade our early cancer detection test currently under development—a 3-cancer test that detects lung, intestinal and liver cancers—to a pan-cancer test, with improved accuracy in determining the origin of tissue compared to the 3-cancer test. We are in the process of completing the clinical validation for our 3-cancer test. We have started the development and analytical validation for our pan-cancer test. In May 2020, we launched a prospective, multi-center study, the PREDICT (Pan-CanceR Early DetectIon ProjeCT) study, in which approximately 14,000 participants are expected to be enrolled, in order to further develop and validate our pan-cancer early detection test. It will be the first prospective early detection study in multiple cancer types in China, according to CIC.

OUR PRODUCTS

We offer 13 NGS-based tissue and liquid biopsy cancer therapy selection tests, catering to different clinical and affordability needs of the different cancer patient segments.

The table below sets forth the 13 tests we currently offer:

			Applicable Sample Types			
Cancer Type	Product Name	# of Genes	FFPE or Fresh tissue	ctDNA	White Blood Cells	Immunotherapy biomarkers
Pan-Cancer	OncoScreen Plus	520 genes	●	●	●	MSI, TMB
	PurePlasma	108 genes	●	●		MSI
	HRDCore	72 genes	●	●	●	
	UGene	53 genes			●	
	BRCA Testing	2 genes	●		●	
Lung Cancer	LungCure	8 genes	●	●		
	LungCore	68 genes	●			
	LungPlasma	168 genes	●	●		MSI
Gastrointestinal Cancer	ColonCore	41 genes	●	●	●	MSI
Prostate Cancer	ProstateCore	72 genes	●	●	●	
Breast Cancer	BreastCore	36 genes	●	●	●	
Lymphomas	LymphPlasma	112 genes	●	●		
Thyroid Cancer	ThyroCore	18 genes	●			

Our Key Products

OncoScreen Plus

In 2015, we launched our pan-cancer test OncoScreen, which we upgraded to OncoScreen Plus in 2017. OncoScreen Plus reflects the latest developments in targeted therapy and immunotherapy. This test profiles 520 genes associated with most solid tumors, such as lung cancer, colorectal cancer, breast cancer, ovarian cancer, bladder cancer and prostate cancer, for which a targeted therapy has been approved by the FDA or NMPA or is in current clinical development. In addition to detecting the genomic alternations of the targeted genes, OncoScreen Plus also detects important immune-oncology biomarkers including TMB and MSI, as well as rare but clinically actionable biomarkers, such as NTRK fusions, which provide important insights for therapy selection. More than 30,000 samples have been tested through OncoScreen or OncoScreen Plus.

We have also accumulated over 8,000 tissue-ctDNA matched sample pairs from OncoScreen Plus tests, which provide us important insights on how to improve test performance, including knowledge on false positives in plasma circulating free DNA gene detection caused by clonal hematopoiesis indeterminant potential, or CHIP. The table below sets forth the key specifications of OncoScreen Plus:

Product and Operational Specifications	OncoScreen Plus
Number of genes	520
Immunotherapy biomarkers	TMB, MSI
Limit of detection (on hot-spot mutations)	1.7-2%
Maximum turnaround time(1)	10 days
Number of clinical samples processed	~ 30,000(2)
Number of paired samples processed	~ 8,000

(1) For the year ended December 31, 2019.
(2) Refers to the total number of samples tested through OncoScreen or OncoScreen Plus.

The design and performance of OncoScreen Plus has been endorsed by its adoption in 19 clinical trials and studies. For example, it was selected by CStone in its Phase III clinical trial of CS1001—one of CStone's core product candidates that targets PD-L1—to detect TMB, which can potentially identify the patients who may

benefit from treatment of CS1001. Janssen, a subsidiary of Johnson & Johnson, selected our OncoScreen Plus in a clinical study to conduct analysis of blood samples collected from patients with various kinds of advanced solid tumors. BeiGene also selected our OncoScreenPlus to detect TMB in its domestic and international clinical trials for its PD-1 drug candidate. OncoScreen Plus also participated in the FDA-initiated SEQC2 study for global tissue-based NGS assay comparison. OncoScreen and OncoScreen Plus were also used in research studies that resulted in publications in high-impact journals, including Clinical Cancer Research and EBioMedicine.

LungPlasma

In 2015, we launched LungPlasma, our ctDNA liquid biopsy-based test for NSCLC. This test analyzes 168 genes that are related to the development of NSCLC, including all genes that have a targeted therapy that is FDA- or NMPA-approved or NCCN-recommended. It provides information with optimal clinical value for NSCLC patients, especially advanced-stage NSCLC patients who do not have accessible tissue, across various treatment stages, from baseline profiling, dynamic monitoring to MRD detection.

The table below sets forth the key specifications of LungPlasma:

Product and Operational Specifications	LungPlasma
Number of genes	168
Immunotherapy biomarkers	MSI
Limit of detection (defined at 80% sensitivity)	0.2%
Percentage of samples processed within 7 days(1)	95.5%
Number of clinical samples processed	~ 38,000
Number of paired samples processed	~ 9,000

(1) For the year ended December 31, 2019.

Our LungPlasma demonstrates consistently high sensitivity in liquid biopsies for biomarkers associated with NSCLC that are difficult to detect using conventional methods. For example, our LungPlasma can detect actionable mutations among treatment-naive stage IV NSCLC patients with sensitivity of 96% and specificity greater than 99%. In a separate study, LungPlasma detected ALK fusion with a sensitivity of 79%. From a real-world cohort of 1016 patients with paired tissue and plasma samples tested simultaneously, LungPlasma could detect at least one actionable mutation among 74% patients from tissues samples, 61% from plasma samples, or 76% from either.

The performance of LungPlasma has been validated in clinical trials and research studies led by international and domestic pharmaceutical companies and leading oncology key opinion leaders, including:

- A 2017 study that was published in the Journal of Thoracic Oncology titled "*Capture-based targeted ultradeep sequencing in paired tissue and plasma samples demonstrates differential subclonal ctDNA-releasing capability in advanced lung cancer*," in which LungPlasma presented high concordance between the paired tissue and plasma samples, illustrating its high clinical feasibility and utility. In this study, the specificity of LungPlasma for all targeted genomic alterations was higher than 99%, and the sensitivity of LungPlasma was 87.2% for all targeted genomic alterations and 96.2% for the known actionable driver mutations among the 7 NCCN-recommended genes.
- Our LungPlasma was applied in the exploratory biomarker sub-study within the BENEFIT study, which was an innovatively designed prospective study where patients were tested for EGFR mutations based solely on liquid biopsy and recruited to test the efficacy of Gefitinib among EGFR-mutant patients. The BENEFIT study was published in the *Lancet Respiratory Medicine* titled "*Detection of EGFR mutations in plasma circulating tumor DNA as a selection criterion for first-line gefitinib treatment in patients with advanced lung adenocarcinoma (BENEFIT): a phase 2, single-arm, multicenter clinical trial*". In this study, concurrent mutations identified by LungPlasma were able to further stratify EGFR-mutant patients into groups with differential response to Gefetinib.

- Our LungPlasma was selected by AstraZeneca as the only NGS-based product for its Tagrisso (Osimertinib) Phase III diagnostic methods comparison study.

LungPlasma has also been used in a number of high impact research studies, with results published in 44 peer-reviewed articles in academic journals, including Journal of Thoracic Cancer, Annals of Oncology and Lancet Respiratory Medicine. For example, our LungPlasma was used in the following research studies: (1) a research study that resulted in the 2018 January Annals of Oncology article titled "*Unique genetic profiles from cerebrospinal fluid cell-free DNA in leptomeningeal metastases of* EGFR*-mutant non-small-cell lung cancer: a new medium of liquid biopsy*," which we jointly published with Professor Yi-Long Wu; (2) a research study that resulted in the 2018 July Journal of Thoracic Onology article titled "*First-in-human Phase I study of AC0010, a mutant-selective EGFR inhibitor in non-small cell lung cancer: safety, efficacy and potential mechanism of resistance*," which we jointly published with Professor Li Zhang; (3) a research study that resulted in the 2020 February Journal of Thoracic Cancer article titled "*Detection of non-reciprocal reciprocal ALK translocation as poor predictive marker in first-line crizotinib-treated ALK-rearranged non-small cell lung cancer patients*," which we jointly published with Professor Nong Yang; (4) a research study that resulted in the 2019 December Translational Lung Cancer Research article titled "*Parallel serial assessment of somatic mutation and methylation profile from circulating tumor DNA predicts treatment response and impending disease progression in osimertinib-treated lung adenocarcinoma patients*," which we jointly published with Professor Yuan Chen; and (5) a research study that resulted in the 2020 April Translational Lung Cancer Research article titled "*Circulating tumor DNA clearance predicts prognosis across treatment regimen in a large real-world longitudinally monitored advanced non-small cell lung cancer cohort*", which we jointly published with Professor Shun Lu.

These published studies provide further evidence of LungPlasma's accurate and consistent test performance.

ColonCore

ColonCore, which we launched in 2016, is capable of simultaneously assessing 22 microsatellite loci related to MSI status and detecting mutations in 41 genes associated with gastrointestinal cancers. It has been validated in multiple studies in China on NGS-based detection of MSI from both tissue and plasma samples. According to a 2018 March Journal of Molecular Diagnostics article titled "*A novel and reliable method to detect microsatellite instability in colorectal cancer by next-generation sequencing*," the specificity and sensitivity of ColonCore were 100% and 97.9%, respectively. Our ColonCore was also endorsed and recommended in *Chinese Experts Consensus on MSI Testing*.

HRDCore

HRDCore, which we launched in 2018, is specifically designed to target critical genes associated with homologous recombination deficiency, or HRD. This product was selected by AstraZeneca for the Phase III clinical study of a drug candidate.

CERTIFICATIONS AND REGULATORY APPROVALS

We are committed to developing and maintaining high quality standards for our laboratory and products. As part of this effort, we voluntarily sought and obtained certifications from the relevant U.S. certifying authorities. We have also obtained the NCCL certification for our central laboratory and the NMPA approval for an NGS-based reagent kit. We are the only company in China that has an NGS laboratory that has been certified by the CLIA and the NCCL and accredited by the CAP. We are also the first company in China with an NMPA-approved NGS-based reagent kit. We believe these certifications and regulatory approvals demonstrate the efficiency, accuracy and consistency of our testing services.

The U.S.

We aspire to become a world-class cancer diagnostics company, and we believe an integral step to achieving this goal is for our laboratory to comply with world-class certification requirements. Accordingly, we voluntarily applied for and obtained the following certifications and accreditations:

CLIA certification. The Clinical Laboratory Improvement Amendments, or the CLIA, mandate specific standards in the areas of personnel qualifications, administration, and participation in proficiency testing, patient test management, quality control, quality assurance and inspections. These standards are intended to ensure that CLIA-certified laboratories' testing services are accurate, reliable and timely. In the U.S., clinical laboratories must be CLIA-certified by the Centers for Medicare & Medicaid Services, or the CMS, before they can accept human samples for diagnostic testing. In January 2017, our central laboratory became the first NGS laboratory in China to be CLIA-certified—one and a half years ahead of our competitors.

CAP accreditation. The CAP accredits laboratories performing testing on specimens from human beings or animals, using methodologies and clinical application within the expertise of the program. In the U.S., the CMS has deemed CAP standards to be equal to or more stringent than CLIA regulations. Our central laboratory was accredited by the CAP in February 2019.

China

Cancer genotyping is a nascent and rapidly evolving industry. Given the nature of the industry, relevant regulatory authorities in China, similar to their counterparts in the U.S., are constantly drafting and refining the regulatory requirements to implement quality management systems in the industry. We are one of the pioneers in China's cancer genotyping industry, and have worked with regulators to share our insights on the nature of the NGS technology while seeking comprehensive approvals, setting high industry standards. We have obtained the following certifications in China:

NCCL certification. The NCCL is the supervising authority of NGS laboratories in China. Our central laboratory in Guangzhou was the second and one of the only three NGS laboratories in China to have passed comprehensive review by the provincial centers for clinical laboratories led by the NCCL. In May 2018, we were certified by, and received NGS laboratory certification from, the Guangdong branch of the NCCL.

NMPA approval. We are a pioneer in our industry in seeking and obtaining the NMPA approval. In September 2016, our LungCure was the first innovative medical device in the oncology application field that was approved to enter the "Innovative Device Pathway," a fast-track review for innovative medical device, similar to the FDA's "Breakthrough Device Program." In July 2018, our LungCure was approved by the NMPA and became the NMPA's first approved NGS-based reagent kit. We plan to seek approval for more reagent kits with the NMPA.

ACADEMIC COLLABORATIONS

We seek to raise the profile of our technologies and products in China's medical community and encourage their adoption through two principal channels: collaborations with oncology key opinion leaders—where we either collaborate with them and co-author papers or through studies conducted by oncology key opinion leaders using our products, both of which are published in leading academic journals; and collaboration with pharmaceutical companies—where we collaborate with them on targeted therapies and immunotherapies under clinical investigation.

Physicians look to peer experts and key opinion leaders in the medical community for guidance in research, diagnosis and treatment. We believe our relationships with oncology key opinion leaders, as well as the resulting peer-to-peer interaction they have generated, have been instrumental in raising the awareness of our technology platform and driving adoption of our products.

We form academic collaborations with oncology key opinion leaders where our products are used in clinical trials and research studies on cancer targeted therapies and immunotherapies, the results of which have been published in 91 peer-reviewed articles in the Journal of Clinical Oncology, Lancet Respiratory Medicine, Clinical Cancer Research, Journal of Thoracic Oncology, Annals of Oncology and other academic journals.

The table below highlights some of our publication collaborations with influential oncology key opinion leaders based on these clinical trials and research studies:

Collaborating Key Opinion Leaders	Journal Title	Article Title	Our Products
Yi-Long Wu, head of the Lung Research Institute of Guangdong Provincial People's Hospital, former president of Chinese Society of Clinical Oncology (CSCO), president of Chinese Thoracic Oncology Group (CTONG)	Clinical Cancer Research	*Acquired MET Y1248H and D1246N mutations mediate resistance to MET inhibitors in non-small cell lung cancer*	Our LungPlasma and OncoScreen were chosen in the biomarker study of the phase II trial of INC280, an innovative MET inhibitor developed by Novartis
Jie Wang, head of department of medicine in the Cancer Hospital of Chinese Academy of Medical Sciences, vice president of CSCO	Lancet Respiratory Medicine	*Detection of EGFR mutations in plasma circulating tumor DNA as a selection criterion for first-line Gefitinib treatment in patients with advanced lung adenocarcinoma (BENEFIT): a phase 2, single-arm, multicenter clinical trial*	Our LungPlasma was used for the NGS-based cancer therapy selection of plasma ctDNA in the study
Qing Zhou, deputy head of the Lung Research Institute of Guangdong Provincial People's Hospital, secretary of CTONG	EBioMedicine	*Analysis of resistance mechanisms to Abivertinib, a third-generation EGFR tyrosine kinase inhibitor, in patients with EGFR T790M-positive non-small cell lung cancer from a phase I trial*	Our OncoScreen was selected in the biomarker study
Ying Yuan, deputy head of department of medicine of the Second Affiliated Hospital of Zhejiang University School of Medicine, member and secretary of the Committee of Colorectal Cancer of China Anti-Cancer Association	Journal of Molecular Diagnostics	*A novel and reliable method to detect microsatellite instability in colorectal cancer by next-generation sequencing*	Our ColonCore and the corresponding MSI calling algorithm were used in the validation study
Zhenghao Cai, general surgeon residing in Ruijin Hospital, a university hospital affiliated with Shanghai Jiao Tong University, School of Medicine	Journal of Molecular Diagnostics (submitted and accepted)	*Detection of microsatellite instability from circulating tumor DNA by targeted deep sequencing*	Our ColonCore and the corresponding MSI calling algorithm were used in the validation study

In addition to publication collaborations, our products are also used in clinical trials and research studies conducted by oncology key opinion leaders that have resulted in peer-reviewed articles in academic journals. The table below highlights some of the clinical trials and research studies using our products that resulted in peer-reviewed articles in academic journals:

Key Opinion Leader	Journal Title	Article Title	Our Products
Baohui Han, oncologist residing in Shanghai Chest Hospital	Advanced Science	*Circulating DNA-based sequencing guided Anlotinib therapy in non-small cell lung cancer*	Our LungPlasma was chosen in the biomarker study of anlotinib
Yun Fan, oncologist residing in Zhejiang Cancer Hospital	Clinical Cancer Research	*Cell-cycle and DNA-damage response pathway is involved in leptomeningeal metastasis of non-small cell lung cancer*	Our LungPlasma was used for the NGS-based cancer therapy selection of plasma ctDNA in the study

We also collaborate with oncology key opinion leaders in studies that have resulted in presentations at leading academic conferences. For example, in 2019, we have collaborated with Professor Yun Fan, who made the presentation "*Integrated genomic mutation and DNA methylation analyses of non-small cell lung cancer patients with brain metastases*" at European Society for Medical Oncology (ESMO) Congress 2019, which used our DNA methylation-based detection technologies. In the same year, we collaborated with Professor Lin Wu, who made the presentation "*Characterization of genomic alterations in Chinese LCNEC and SCLC via comprehensive genomic profiling*" at 2019 World Conference on Lung Cancer (WCLC), which used our OncoScreen Plus.

In addition to collaborations with oncology key opinion leaders, we also collaborate with seven out of the top 25 oncology hospitals in China to conduct clinical trials for our products, including West China Hospital, Sichuan University, Fudan University Shanghai Cancer Center, Cancer Hospital Chinese Academy of Medical Sciences, Shanghai Chest Hospital, Henan Cancer Hospital, Jiangsu Province Hospital and Shanghai Pulmonary Hospital.

COLLABORATIONS WITH PHARMACEUTICAL COMPANIES

We collaborate with over 20 leading international and domestic pharmaceutical companies on clinical trials and research studies, primarily by providing central laboratory services and companion diagnostics development services. These services enable pharmaceutical companies to identify molecularly defined patient populations enrolled in specific clinical trials or to better understand how targeted oncology therapy and immunotherapy drug candidates are working on patients, which in turn guides their drug development process. In order to form collaborations with pharmaceutical companies, we must go through their rigorous quality assurance audits and technical validations to demonstrate that the design, specification and performance of our tests as well as our testing workflow meet their quality and technical requirements. Examples of such collaborations include:

AstraZeneca

Our LungPlasma was the only NGS-based product selected by AstraZeneca for its Tagrisso (Osimertinib) Phase III diagnostic methods comparison study.

In November 2017, our HRDCore was selected by AstraZeneca for the Phase III clinical study of a drug candidate.

Bayer

In April 2020, we entered into an agreement with Bayer, under which we will help patients who are found to be with NTRK fusions through our NGS-based cancer therapy selection tests to get in touch with study investigators as potential candidates for clinical trials of Larotrectinib.

Johnson & Johnson

In April 2020, our OncoScreen Plus was selected by Janssen, a subsidiary of Johnson & Johnson, in a clinical study to conduct analysis of blood samples collected from patients with various kinds of advanced solid tumors.

CStone

In May 2018, our OncoScreen Plus was selected by CStone in its Phase III clinical trial of CS1001—one of CStone's core product candidates that targets PD-L1—to detect TMB, which can potentially identify the patients who may benefit from treatment of CS1001.

Sino Biopharm

In September 2019, our LungCure and OncoScreen Plus were selected by Jiangsu Chia Tai Fenghai Pharmaceutical Co. Ltd., a company affiliated with Sino Biopharm, in the Phase I/II clinical study of a drug candidate for local advanced or metastatic NSCLC.

BeiGene

In the fourth quarter of 2019, we entered into an agreement with BeiGene, under which our OncoScreen Plus was selected to detect TMB in BeiGene's domestic and international clinical trials for its PD-1 drug candidate.

DISTRIBUTION

We pioneered a two-pronged commercial infrastructure, consisting of both central and in-hospital laboratories, to maximize market penetration and create higher barriers to entry:

- ***Central laboratory model***. Since 2014, we have offered our cancer therapy selection tests under a central laboratory model. Under this model, cancer patients' tissue and liquid biopsy samples are delivered to our central laboratory in Guangzhou for processing, and we issue test reports generally within six days from our receipt of the tissue and liquid biopsy samples, respectively. Our central laboratory also supports our collaborations with pharmaceutical companies; and
- ***In-hospital model***. In China, cancer patients typically go to top oncology hospitals for cancer treatment. These hospitals generally prefer to conduct laboratory tests in-house. Although the complexities of NGS-based cancer therapy selection have so far limited the number of hospitals to have their own laboratory facilities for these tests, we believe that the in-hospital segment presents enormous market opportunities and will become an increasingly important segment of China's cancer genotyping market. Given this opportunity, in 2016, we began offering turn-key solutions under our in-hospital model, enabling our partner hospitals that use our reagent kits to perform testing on their own in a standardized manner with our ongoing training and support.

Central Laboratory Model

We began offering NGS-based cancer therapy selection services under a central laboratory model in 2014, and we have become the market leader in the central laboratory segment of China's NGS-based cancer therapy

selection market, with a market share of 17.5% in terms of number of patients tested in 2019, according to CIC. Under our central laboratory model, cancer patients' treating physicians order our cancer therapy selection tests for their patients during the diagnostic process, have the patients' liquid biopsy or tissue samples shipped to our central laboratory in Guangzhou for testing, and design treatment plans based on our test results. Our test reports communicate the actionable genomic alterations in a patient's cancer and match those alterations with potentially relevant treatment options, including targeted therapies and immunotherapies, according to predicted efficacy or resistance. Patients pay us for these tests with out-of-pocket payments.

We have established a dedicated sales and marketing team that focuses on expanding our brand awareness and growing our coverage of hospitals and physicians across China. Our marketing efforts for our central laboratory model include educating hospitals and physicians on the benefits of our tests and the clinical data supporting our test results. We also work with medical professional societies to promote the awareness of the clinical benefits of our tests and NGS-based cancer therapy selection in general, and we sponsor or present at medical, scientific or industry exhibitions and conferences and pursue or support scientific studies of our tests and the publication of results in academic journals.

Since our inception, 4,162 physicians from 602 hospitals have ordered our cancer therapy selection tests under our central laboratory model. The table below sets forth the key operating data for our central laboratory model for the periods presented:

	Year ended December 31,			Three months ended March 31,
	2017	2018	2019	2020
Number of patients tested	9,464	15,821	23,075	4,680
Number of ordering physicians(1)	777	1,135	1,632	810
Number of ordering hospitals(2)	207	263	335	232

(1) Represents physicians who on average order at least one test from us every month during a relevant period under the central laboratory model.
(2) Represents hospitals whose residing physicians who on average order at least one test from us every month during a relevant period under the central laboratory model.

In-hospital Model

Despite the large and growing demand, Chinese hospitals face multiple challenges in adopting NGS-based cancer therapy selection testing in house, which has technically sophisticated workflows such as library preparation and complex data analysis and interpretation. As a result, these hospitals are in urgent need of high-performing and greatly standardized technologies and products that adhere to their rigorous quality requirements and operating protocols. Strategically focusing on the in-hospital segment of China's cancer genotyping industry since our inception, in 2016 we became the first company in China to offer Chinese hospitals a turn-key solution and ongoing support that effectively addresses their challenges in adopting NGS-based cancer therapy selection.

The flow chart below sets forth the key steps of our in-hospital model:

(1) Typically include tests conducted by the hospitals to compare our tests against conventional cancer therapy selection methods, as well as against those offered by other NGS-based cancer therapy selection companies.

To form collaborations with partner hospitals, we must complete each partner hospitals' rigorous onboarding process, including (i) benchmarking tests conducted by the hospitals, including comparisons of our tests against conventional cancer therapy selection methods such as PCR and FISH, as well as against those offered by other NGS-based cancer therapy selection companies, and (ii) other comprehensive assessments to evaluate our technical and service capabilities. Throughout this process, our dedicated in-hospital model sales and technical support teams, working closely with our research and development, medical support and other teams, collaborate with our partner hospitals to redesign their in-hospital laboratories, complete tender processes, source laboratory equipment and supplies, install laboratory systems and customize the hospitals' testing workflow, data analysis and report generation—all while ensuring compliance with the hospitals' rigorous quality and operating protocols.

Once an in-hospital laboratory is in operation, the partner hospital purchases our products to perform NGS-based cancer therapy selection on a recurring basis. We are dedicated to continuously optimizing the operations of these in-hospital laboratories and maintaining our relationships with our partner hospitals. We frequently conduct onsite visits and provide remote technical support, such as data analytics support, to ensure optimal laboratory performance. In September 2019, we launched our fully automated NGS library preparation system, Magnis BR, and associated library preparation reagents, which we co-developed with Agilent. Magnis BR and its associated reagents are particularly suitable for Chinese hospitals because they fully automate the NGS library preparation process and convert DNA samples into sequencing-ready libraries in around nine hours, which help partner hospitals streamline their testing workflow, reduce manual labor and minimize risks.

Through our strategic focus—supported by our high-quality products and industry-leading technological capabilities—we have become the market leader in the in-hospital segment of China's NGS-based cancer therapy selection market, with a market share of 79.9% in terms of number of patients tested in 2019. Our in-hospital model represents a stable and growing revenue stream that consists of fees from initial facilitation of the hospitals' laboratory equipment purchases followed by recurring sales of our products.

We have partnered with 44 Class III Grade A hospitals (the highest of China's nine-tiered hospital designation system) in 23 cities across China, to establish in-hospital laboratories. The table below sets forth the cumulative numbers of our partner hospitals as of the dates indicated:

	As of December 31,				As of March 31,
	2016	2017	2018	2019	2020
Pipeline partner hospitals(1)	7	12	14	21	23
Contracted partner hospitals(2)	2	4	12	19	21
Total number of partner hospitals	9	16	26	40	44

(1) Refers to hospitals that have established in-hospital laboratories, completed laboratory equipment installation and commenced pilot testing using our products. According to CIC, it generally takes 12 to 30 months for hospitals to progress from pipeline partner hospitals to contracted partner hospitals, which generate recurring revenue from the sale of reagent kits.
(2) Refers to hospitals that have entered into contracts to purchase our products for use on a recurring basis in their respective in-hospital laboratories we helped them establish.

CANCER GENOMIC DATA ECOSYSTEM

We seek to leverage the vast array of genomic data generated by our NGS-based cancer therapy selection platform to position ourselves at the center of China's cancer treatment paradigm. Our proprietary database, OncoDB, includes cancer-related genomic data from over 185,000 tests performed since our inception. It represents the largest lung cancer genomic information database, as well as one of the largest cancer genomic information databases, in China. OncoDB will continue to expand as more NGS-based cancer therapy selection is conducted using our tests, and our knowledge regarding Chinese cancer patients' genomic alteration patterns is continuously enhanced, which in turn enhances the effectiveness of our treatment recommendations to physicians.

Building on the expansive data in OncoDB, in 2019 we launched Live Annotation, Visualization and Analysis, or LAVA, our cloud-based cancer genomic data ecosystem that facilitates the broader exchange of real-time clinically actionable genomic data among physicians. LAVA is accessible through an online web portal and a mobile application. Over 420 physicians from 120 hospitals have joined LAVA.

LAVA offers physicians a broad spectrum of capabilities that are useful in treating cancer patients and forming research collaborations with each other. It has computerized and centralized all clinically useful data of cancer patients who have taken our tests. This enables patients' treating physicians to search, retrieve and manage their patients' most up-to-date medical records, which can otherwise be difficult over the long case histories of many cancer patients. LAVA also provides detection rates of certain genomic aberrances that are characteristic of the real world Chinese patient population, helping doctors make better and more timely diagnosis and therapeutic recommendations and further facilitates remote cooperation and discussion among physicians about the optimal treatment methods. We have obtained appropriate consents from all patients and participating physicians and have implemented de-identification and other measures to ensure that all data are shared safely and securely and that patients' privacy is protected.

We plan to expand LAVA to assist pharmaceutical companies in their research and development of new drug candidates and achieve precise patient recruitment in clinical trials. The vast quantity of genomic data we have accumulated will assist pharmaceutical companies in their development of cancer targeted therapies and immunotherapies by discovering novel targetable mutations in particular cancer types, or identifying patients who are potentially suitable for the drugs they are developing, and thus improving clinical trial success rates. This type of patient information is exceptionally valuable, especially for certain rare mutations.

OPERATIONS

We primarily perform cancer therapy selection using both tissue and liquid biopsy tests under the central laboratory model in our NCCL- and CLIA-certified, CAP-accredited central laboratory in Guangzhou. Our central laboratory currently has an annual capacity of over 100,000 tests, which we expect to double in 2020 through the adoption of automation systems and laboratory expansions. We achieve a median turnaround time of six days for both of our liquid biopsy and tissue-based tests. Our test reports contain comprehensive information about the detected actionable genomic alterations and recommend targeted therapies and immunotherapies for each genomic alteration, according to predicted efficacy and resistance.

We have applied good clinical practices, or GCP, to the operations of our central laboratory. Our GCP system consists of a quality control, or QC, system, a quality assurance, or QA, system and a corrective and preventive action, or CAPA, management system. We have incorporated these comprehensive quality control measures in all stages of our testing process to ensure the high-quality, consistency, and timeliness of our testing results. We have also participated in various proficiency tests and external quality assessments for the testing services we offer, including, among others, ctDNA testing, NGS solid tumor testing, and BRCA testing and interpretation. Our industry-leading technological capabilities and QC system have resulted in our operational excellence. For example, the testing success rate of our LungPlasma is 99.5% (represents the proportion of clinical samples tested by LungPlasma that passed our quality control standards—including cfDNA extraction amount, pre-library quality, library quality and sequencing data quality—and therefore test reports were successfully generated), which we believe is on par with world-class genomic testing companies.

We have GMP-standard manufacturing facilities in Guangzhou for the manufacturing of our reagent kits, with an aggregate annual production capacity of 250,000 kits. We plan to substantially increase our production capacity to meet rising market demand by installing automated workstations in our manufacturing facilities. We have adopted various QC measures to ensure that we comply with all applicable regulations, standards and internal policies during the manufacturing process. In October 2018, our manufacturing facilities obtained ISO13485 certification. This ISO standard demonstrates that we have a comprehensive quality management system for the design and manufacture of medical devices.

We typically source sequencers, reagents and certain other laboratory supplies used in our laboratory operations from trading companies that procure laboratory supplies from a variety of manufacturers. We generally enter into short-term supply agreements with our suppliers on an as-needed basis, each specifying the quantity, quality, warranty, delivery and payment terms and other customary terms for the respective batch of laboratory equipment and supply we purchase. Our suppliers generally grant us a credit term of 30 to 90 days, and are responsible for the repair and maintenance of the laboratory equipment and supplies they supply.

RESEARCH AND DEVELOPMENT

Our research and development efforts are primarily focused on the following areas:

Development of, and improvement on, NGS-based cancer therapy selection products. Based on clinical market demand and scientific progress, we design a series of different panels to meet different clinical needs. In particular, we are continuously working on designing products that require lower sample input and have higher library conversion rate and shorter hands-on time. We are also working to increase the automation of NGS-based cancer therapy selection products to alleviate manual workload and improve therapy selection precision. Our bioinformatics team will continue improving our data analysis algorithms and developing our analysis pipeline. Our validation team is working on thoroughly evaluating the sensitivity, specificity, reproducibility and accuracy of each product before launch.

Development of more reagent kits for NMPA approval. We are developing a number of products targeting different cancers for the NMPA approval. For each product, we will implement strict design control process, perform analytical validation, and conform the manufacturing to GMP and ISO13485 standards. We are also developing the corresponding software solutions for these products.

Development and validation of MRD detection products. We are conducting analytical and clinical validation studies on our UMI-based liquid biopsy products for their sensitivity and utility for MRD detection, which could demonstrate clinical benefits for early-stage patients by predicting their risk of recurrence after treatment.

Development of early cancer detection technologies and products. Building upon brELSA™, our targeted DNA methylation-based library preparation method, and brMERMAID™, our machine learning algorithm, we will keep improving the biochemistry behind our technologies to enhance background noise suppression, allowing for more accurate qualification and enabling our tests to be compatible with more sequencers, as well as improving our early detection prediction models for cancer detection sensitivity, specificity and tissue origin determination accuracy.

Development of automation solutions for current and future products. To alleviate complicated workflow for NGS-based cancer therapy selection products, we are developing multiple automation solutions to streamline the workflow and reduce human intervention and turnaround time. Solutions we are now developing include robotic liquid handling system and corresponding laboratory information management system integration to work with high, medium, and low throughput laboratory requirement.

Research and technology development on additional clinically actionable biomarkers. We are also conducting research and development on additional clinically actionable biomarkers. For example, we are developing a technology to sequence RNA samples to detect clinically significant RNA alterations, which is expected to be a useful supplement to DNA sequencing.

In 2017, 2018, 2019 and the three months ended March 31, 2020, our research and development expenses was RMB49.0 million, RMB105.3 million, RMB156.9 million (US$22.2 million) and RMB40.0 million (US$5.7 million), respectively.

INTELLECTUAL PROPERTY

We protect our intellectual property rights through a combination of patents, trademarks, copyrights, trade secrets, including know-how, license agreements, confidentiality agreements and procedures, non-disclosure agreements with third parties, employee disclosure and invention assignment agreements and other contractual rights.

Our patent strategy is focused on seeking coverage for our core technologies and specific follow-on applications, implementations for detecting and monitoring cancer by determining genomic alterations, and evaluating the status of specific biomarkers in liquid or tissue samples. In addition, we file for patent protection on our on-going research and development, particularly into early-stage cancer screening.

Our patents and patents applications are primarily related to our proprietary library preparation technologies, algorithms and laboratory equipment and processes. As of March 31, 2020, we held 12 patents in China, which will expire between 2025 and 2038. As of the same date, we had eight pending patent applications in China, three pending patent applications in Hong Kong, and four international applications strategically filed under the Patent Cooperation Treaty, or PCT, of which one is pending registration for our MSI calling algorithms in the U.S., Europe and Japan and another one is pending registration for brELSA™, our targeted DNA-methylation based library preparation method for early cancer detection, in China.

The table below sets forth details of our key patents:

Description of patent	Use and application	Jurisdiction	Expiration date
A library preparation method and associated reagents (HS library preparation technology)	Our cancer therapy selection tests	China	2035
A composition of matter that detects the presence of MSI in liquid biopsy samples (related to bMSISEA)	Tests such as ColonCore and pan-cancer tests	China	2036
A automation method of the management and reporting of quality control of laboratory processes	Our laboratory information management system	China	2038

The table below sets forth details of our key pending patent applications:

Description of patent application	Use and application	Jurisdiction	Expected expiration date
A NGS-based method to simultaneously detect MSI and genomic mutations in liquid biopsy samples (bMSISEA)	Our cancer therapy selection tests that detect MSI in liquid biopsy samples, such as ColonCore	China, PCT(1)	2038
A NGS-based method to simultaneously detect MSI and genomic mutations in tissue samples (prettyMSI)	Our cancer therapy selection tests that detect MSI in tissue samples, such as OncoScreen Plus	China, Hong Kong, PCT (currently under review by patent offices in Japan, the U.S. and the European Union)	2039
Compositions and methods for preparing nucleic acid libraries (brELSA™)	Our targeted DNA-methylation based library preparation method for early cancer detection	PCT (currently under review by the patent office in China)	2038

(1) An international patent application has been filed under the PCT.

We have also registered three software copyrights related to our laboratory process quality control management, report automation, and sequencing result analysis.

As of March 31, 2020, we had registered 87 trademarks, including “燃石医学”, “BURNING ROCK DX”, “ ” and product and service names, and 160 trademark applications pending in China. We also own four registered domain names, including our official website.

FACILITIES

Our corporate headquarters, central laboratory and manufacturing facilities are located in Guangzhou, China. We also have a research and development center in Shanghai and offices in Beijing. These facilitates have an aggregate of over 13,000 square meters. We currently lease all of our facilities. We believe that we will be able to obtain adequate facilities, principally through leasing, to accommodate our future expansion.

EMPLOYEES

As of December 31, 2018, 2019 and March 31, 2020, we had 528, 705 and 753 employees, respectively. Most of our employees are located in China, with a small number located in the United States. The following table sets forth the number of our employees by function as of March 31, 2020.

	As of March 31, 2020	
	Number	% of Total Employees
Functions:		
Technology, Research and Development	158	21.0%
Medical Affairs	48	6.4%
Operations and Quality Assurance	177	23.5%
Sales and Marketing	313	41.5%
General and Administration	57	7.6%
Total number of employees	753	100.0%

As required by PRC laws and regulations, we participate in various employee social security plans that are organized by municipal and provincial governments, including pension, medical insurance and unemployment insurance and housing fund. We are required under PRC laws to make contributions to employee benefit plans at specified percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government from time to time.

COMPETITION

We are China’s number one NGS-based cancer therapy selection company. China’s cancer genotyping industry is highly competitive. Our major competitors include domestic NGS-based cancer therapy selection companies, such as AmoyDx, BGI and Geneseeq. Our competitors may have more expertise, experience and financial resources, stronger business relationships in developing and commercializing their products and services, more mature technologies, greater market adoption among physicians, patients and others in the medical community, broader test menus, larger databases, or greater brand recognition than we do. We also cannot assure you that our technologies will not become obsolete if we cannot keep pace with the constantly changing technologies in the industry.

LEGAL PROCEEDINGS

From time to time we may become involved in legal proceedings or be subject to claims arising in the ordinary course of our business. We are not presently a party to any legal proceedings that, if determined adversely to us, would individually or taken together have a material adverse effect on our business, results of operations, financial condition or cash flows. Regardless of the outcome, litigation may have an adverse impact on us because of defense and settlement costs, diversion of management resources and other factors.

REGULATION

We are subject to a variety of 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.

Regulations on Foreign Investment

Investment in China by foreign investors are regulated by the Catalog of Industries for Encouraging Foreign Investment, as promulgated by the MOFCOM and the NDRC on June 30, 2019, and the Special Administrative Measures on Access of Foreign Investment (2019 Edition), or the Negative List, as promulgated on June 30, 2019. Industries not listed in the Negative List are generally permitted and open to foreign investment, unless specifically prohibited or restricted by the PRC laws and regulations. According to the Negative List, foreign investors are permitted to access to the medical device industry, whereas foreign investors are prohibited from investing in businesses involving the development and application of genomic diagnosis and treatment technology.

In addition, a foreign-invested enterprise in the PRC is required to comply with other regulations on its incorporation, operation and changes. On March 15, 2019, the National People's Congress adopted the Foreign Investment Law of the PRC, which became effective on January 1, 2020. Pursuant to the Foreign Investment Law of the PRC, China will grant national treatment to foreign invested entities, except for those foreign invested entities that operate in industries that fall within "restricted" or "prohibited" categories as prescribed in the Negative List to be released or approved by the State Council.

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 clarify 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 SAMR jointly promulgated the 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 directly or indirectly, the foreign investor or the foreign-invested enterprise shall submit the investment information to the competent commerce department.

Regulations on Human Genetic Resources

The Regulation on the Management of Human Genetic Resources, as promulgated by the State Council on May 28, 2019 and effective on July 1, 2019, regulates the collection, preservation, usage and provision of human genetic resources. According to this regulation, "human genetic resource" includes human genetic resource materials and information. Human genetic resource materials refer to organs, tissues, cells and other genetic materials containing human genome, genes and other genetic materials. Human genetic resource information refers to information, such as data, generated by human genetic resources materials. The Administrative Department of Science and Technology under the State Council is responsible for the management of human genetic resources at the national level, and the administrative departments of science and technology under the provincial governments are responsible for the management of human genetic resources at local level and are vertically directed by the central government. Foreign organizations, individuals and institutions established or actually controlled by foreign organizations and individuals are not allowed to collect or preserve human genetic resources (including organs, tissues, cells and other genetic materials of human genome and gene) in China or provide human genetic resources abroad.

Regulation on Medical Institutions and Medical Devices

Regulatory Authorities

The newly formed NMPA under the State Administration for Market Regulation is the government authority that monitors and supervises the administration of pharmaceutical products, medical devices and cosmetics. The NMPA's predecessor, the CFDA, was established in March 2013 and separated from the Ministry of Health of the PRC, or the MOH, as part of an institutional reform of the State Council. Predecessors of the NMPA also include the former State Food and Drug Administration, or the SFDA, which was established in March 2003 and the State Drug Administration, or the SDA, that was established in August 1998. The primary responsibilities of the NMPA include:

- monitoring and supervising the administration of pharmaceutical products, medical devices and cosmetics in the PRC;
- formulating administrative rules and policies concerning the supervision and administration of the pharmaceutical, medical device and cosmetics industry;
- evaluating, registering and approving of new drugs, generic drugs, imported drugs and traditional Chinese medicine;
- approving and issuing permits for the manufacture and export/import of pharmaceutical products and medical devices, and approving the establishment of enterprises to be engaged in the manufacture and distribution of pharmaceutical products; and
- examining and evaluating the safety of pharmaceutical products, medical devices and cosmetics and handling significant accidents involving these products.

The National Health and Family Planning Commission, or the NHFPC, has been renamed as the National Health Commission, or the NHC. The NHC is an authority at the ministerial level under the State Council and is primarily responsible for national public health. The NHC combines the responsibilities of the former NHFPC, the Leading Group Overseeing Medical and Healthcare Reform under the State Council, the China National Working Commission on Aging, partial responsibilities of the Ministry of Industry and Information Technology in relation to tobacco control, and partial responsibilities from the State Administration of Work Safety in relation to occupational safety. The predecessor of NHFPC is the MOH. Following the establishment of the SFDA in 2003, the MOH was put in charge of the overall administration of national health in the PRC excluding the pharmaceutical industry.

Medical Institutions Laws and Regulations

The Regulation on the Administration of Medical Institutions as promulgated by the State Council in 1994 and revised in 2016 provides the requirements for the establishment and administration of medical institutions. The establishment of medical institutions must comply with local governments' plans for the establishment of medical institutions and the basic standards for medical institutions. To establish a medical institution, an entity or individual will be subject to the examination and approval of the health administrative department of the local government at or above the county level. A medical institution providing medical services must register and obtain a Medical Institution Practice License. An entity or individual that has not obtained a Medical Institution Practice License may not carry out diagnosis or treatment activities. The revised Rules for Implementation of the Administrative Regulation on Medical Institutions, as promulgated by the NHFPC in February 2017, further regulates the approval on the establishment, registration, validation and practice of medical institutions.

Guangzhou Burning Rock Dx Co., Ltd., a subsidiary of our VIE, obtained a Medical Institution Practice License in September 2017, with a five-year validity from March 2015 to March 2020. This license was renewed in February 2020, and the renewed license has a five-year validity until February 2025.

The Measures for the Administration of Clinical Testing Laboratories in Medical Institutions, which was promulgated by the MOH in February 2006 and became effective in June 2006, provides regulations on the

examination, establishment, quality management and safety practice of clinical testing laboratories in medical institutions.

The Measures for the Administration of Clinical Gene Amplification Testing Laboratories in Medical Institutions, as promulgated by the MOH in December 2010, provides the requirements for medical institutions to carry out clinical gene amplification test techniques. A clinical gene amplification testing laboratory refers to a laboratory that detects specific DNA or RNA by amplification to perform disease diagnosis, treatment monitoring and prognosis determination. The MOH is responsible for supervising and administering clinical gene amplification testing laboratories in medical institutions nationwide. The health administrative authorities at the provincial level are responsible for supervising and administering clinical gene amplification testing laboratories in medical institutions within their respective administrative regions. This regulation also provides the examination and establishment of clinical gene amplification testing laboratories, laboratory quality management and laboratory supervision and management.

The Notice for the Basic Standards for Clinical Testing Laboratories (for Trial Implementation), as promulgated by the NHFPC in July 2016, further provides the standards and requirements for clinical testing laboratories.

The Notice for the Further Administration of Clinical Gene Amplification Testing Laboratories in Medical Institutions as promulgated by the Guangdong Health Department in September 2012 provides that medical institutions carrying out clinical gene amplification test techniques must apply for technical access from the Guangdong Health Department, and the Guangdong Clinical Laboratory Center is authorized as the technical auditing institution of clinical gene amplification testing technology.

The Notice for the Further Administration of Department Office and Medical Technology in Clinical Institutions, as promulgated by the Guangdong Health Department in May 2016, further provides for the management of medical technology. Clinical gene amplification testing technology, as a limited medical technology, is subject to the examination and approval of the Guangdong Health Department.

Guangzhou Burning Rock Dx Co., Ltd., a subsidiary of our VIE, obtained its Certificate of Clinical Gene Amplification Testing Laboratory in August 2015, with a five-year validity from August 2015 to August 2020. Guangzhou Burning Rock Dx Co., Ltd. obtained its Certificate of High Throughput Sequencing Testing Laboratory in May 2018, with a five-year validity from May 2018 to May 2023.

Medical Devices Administration Laws and Regulations

According to the Notice on Strengthening the Management of Products and Technologies Related to Clinical Use of Gene Sequencing, as promulgated by the CFDA and NHFPC in February 2014, gene sequencing diagnostic products (including gene sequencer and related diagnostic reagents and software) are regulated as medical devices and must be registered pursuant to relevant regulations.

The Regulation on the Supervision and Administration of Medical Devices, as amended by the State Council in May 2017, regulates entities that engage in the research and development, production, operation, use, supervision and administration of medical devices in the PRC. Medical devices are classified according to their risk levels. Class I medical devices are medical devices with low risks, and the safety and effectiveness of which can be ensured through routine administration. Class II medical devices are medical devices with moderate risks, which are strictly controlled and administered to ensure their safety and effectiveness. Class III medical devices are medical devices with relatively high risks, which are strictly controlled and administered through special measures to ensure their safety and effectiveness. The evaluation of the risk levels of medical devices take into consideration the medical devices' objectives, structural features, methods of use and other factors. Registration certificates are required for Class II and Class III medical devices. The classification of specific medical devices is stipulated in the Medical Device Classification Catalog, which was issued by the CFDA on August 31, 2017 and became executive on August 1, 2018.

The Administrative Measures for the Registration of Medical Devices, or the Medical Devices Registration Measures, as promulgated by the CFDA in October 2014, provide that Class I medical devices are subject to record-filing, while Class II and Class III medical devices are subject to registration. According to the Medical Devices Registration Measures, the registration and record-filing of IVD reagents that are regulated as medical devices are governed by the Administrative Measures for the Registration of IVD Reagents, which was first promulgated by the CFDA and took effect on July 30, 2014, and amended on January 25, 2017. Pursuant to the Administrative Measures for the Registration of IVD Reagents, Class I IVD reagents are subject to filing, and Class II and Class III IVD reagents are subject to inspection, approval and registration.

According to the Opinions on Deepening the Reform of the Evaluation and Approval System and Inspiring Innovation of Drugs and Medical Devices, the evaluation and approval for the application of innovative medical devices will be prioritized. In November 2018, the NMPA released the Special Review Procedures for Innovative Medical Devices, which provides that the NMPA will prioritize applications for qualified innovative medical devices. These rules specify requirements for the application of innovative medical devices, including certificates, intellectual property, process and results of product research and development and other technical documents.

The Measures for the Supervision and Administration of the Manufacture of Medical Devices, as promulgated by the CFDA in November 2017, regulates entities that engage in the manufacturing of medical devices in the PRC. The food and drug administration authorities at or above the county level regulate medical device manufacturing within their administrative regions, including manufacturing-related licensing and registration, contract manufacturing and manufacturing quality controls. Production permits are required for the manufacture of Class II and Class III medical devices. A medical device production license is valid for five years, which may be extended upon expiration in accordance with relevant administrative provisions. Medical device manufacturers are not required to obtain a medical device operation license to sell their self-manufactured products.

The Good Manufacturing Practice Rules for Medical Devices, as promulgated by the CFDA on December 29, 2014 and effective on March 1, 2015, provide basic principles for quality control systems for medical devices manufacturing, and these rules are applicable to the entire process of design and development, production, sales and post-sale services of medical devices.

The Measures for the Supervision and Administration of the Business Operation of Medical Devices, as promulgated by the CFDA in November 2017, regulates entities conducting the business operation of medical devices in the PRC. Medical devices are assigned to one of three regulatory classes based on the level of control necessary to assure the safety and effectiveness of the device. Business activities involving medical devices are regulated in accordance with the classification of each of the medical devices. No registration or license is required for business activities involving Class I medical devices. Registration is required for business activities involving Class II medical devices, and licenses are required for business activities involving Class III medical devices. A medical device operation license is valid for five years, which may be extended upon expiration in accordance with relevant administrative provisions. Medical devices manufacturing enterprises engaging in the sale of self-produced products are not required to obtain a medical device operation license.

According to the Supervision and Administration of Medical Devices, entities are prohibited from using or operating unregistered, expired, invalid or obsolete medical devices or those without a certificate of conformity.

Pursuant to the Notice on Strengthening the Administration of Import and Use of Pharmaceutical and Medical Devices, as promulgated by the CFDA in October 2010, medical institutions may only purchase qualified medical devices from enterprises with a medical device manufacture license or a medical device operation license.

Guangzhou Burning Rock Dx Co., Ltd., a subsidiary of our VIE, obtained Class I medical devices record-filing certificates for our general kit for sequencing reaction, nucleic acid extraction or purification reagent,

sequencing kit for gene sequencing and library kit for gene sequencing (DNA interruption linking) in May 2016, January 2017, April 2017 and December 2017, respectively. Guangzhou Burning Rock Dx Co., Ltd. also obtained a Class III medical device registration certificate for our human EGFR/ALK/BRAF/KRAS fusion gene mutation detection kit (reversible termination sequencing) and mutation gene analysis software for non-small cell lung cancer in July 2018 and August 2019, respectively.

Guangzhou Burning Rock Dx Co., Ltd. obtained a Class III medical device manufacture license for our human EGFR/ALK/BRAF/KRAS fusion gene mutation detection kit (reversible termination sequencing) in August 2018, with a term of five years.

Guangzhou Burning Rock Medical Devices Co., Ltd. obtained a medical device operation license for Class III medical devices in April 2016, with a term of five years.

Medical Devices Subject to Cold Chain Management

According to the Guidelines for Cold Chain (Transport & Storage) Management of Medical Devices, as promulgated by the CFDA in September 2016, medical devices subject to cold chain management, such as our reagent kits, are medical devices requiring refrigeration and frozen management in the process of transportation and storage in accordance with relevant instructions and labels. Medical device manufacturers and wholesalers must equip with cold storage, refrigerated vehicles and containers, and other facilities and equipment, which fit the variety and scale of the medical devices they produce or operate. To ensure proper temperature control during transportation, operators must choose a reasonable means of transportation, and take adequate temperature control measures based on transportation conditions, which, among others, include the quantity of medical devices subject to cold-chain management, the distance and time requirements, and the temperature requirements. Operators who engage third-party carriers must examine the carrier's qualifications and capabilities, and enter into relevant agency agreements for transportation.

Tendering Processes for Medical Devices

The Chinese government has implemented measures to encourage pooled procurement of expensive medical consumables through tendering processes. In June 2007, MOH issued the Notice on Further Strengthening the Administration of Centralized Procurement of Medical Devices, which requires that all non-profit medical institutions established by local governments, associations or state-owned enterprises participate in the centralized procurement. Public tendering will be the principal method for centralized procurement.

Policies on NGS-based Cancer Therapy Selection

In recent years, China has introduced a series of policies that support the development of NGS-based cancer therapy selection. The table below presents a selection of these policies introduced by relevant governmental authorities in China from 2014 to 2018:

Date	Authority	Key messages
February 2014	NMPA	The NMPA (former CFDA) issued a *Notice on Special Approval Procedures for Innovative Medical Devices (Trial)*, which significantly accelerated the approval process for NGS products.
March 2014	State Council	The State Council published *Regulation on the Supervision and Administration of Medical Devices*, which provides that reagents related to human gene testing are Class III medical devices. NGS products are managed as medical devices.

Date	Authority	Key messages
February 2015	NHC	The NHC published Guidelines for *Personalized Medical Testing Applications of Sequencing Technology*, which provides guidance on sample collection, transportation, receiving, processing, testing and inspection of project development, verification, and validation, basic principles of quality control, result reporting, and the possible problems and countermeasures, to provide standardized guidance on precision medicine based on sequencing technology application.
July 2015	NHC	The NHC published *Guidelines for Individualized Treatment and Detection of Tumors*, which provides for the standardization of testing technology, laboratory access and quality assurance. It includes specific requirements for clinical and medical laboratories to ensure the accuracy of genotyping test results.
February 2016	NHC	The NHC published *Notice of the General Office of the National Health and Family Planning Commission on Issues Related to the Management of Clinical Testing Projects*, which covers strengthening the management of clinical inspection projects, standardizing the clinical inspection work of medical institutions, meeting the needs of clinical medical treatment, and ensuring the quality and safety of medical treatment.
May 2017	State Council	The State Council published *Amendments to the Regulations on the Supervision and Administration of Medical Devices*, which regulates Class III medical devices, including NGS products, under product registration management. It also provided detailed requirements for Class III medical device registration.
September 2018	NHC	The NHC published *Guidelines for Clinical Application of New Cancer Drugs* to guide the clinical application of cancer drugs. The guidelines cover 7 types of tumors including respiratory system, digestive system, blood tumor, urinary system, breast cancer and 42 types of cancer drugs, providing clear guidance for precision medicine.
November 2018	NMPA	The NMPA published *Notice Concerning Public Solicitation of Opinions on Guidelines for Clinical Trials of In Vitro Diagnostic Reagents*, which provides basic principles for IVD reagent clinical trials, provides recommendations in principle for clinical trial design, identifies key factors to consider during clinical trials, and provides reference for technical review departments in reviewing clinical trial data.

Other Significant PRC Regulations Affecting Our Business Activities

Commercial Bribery Regulations

The Standing Committee of the National People's Congress adopted the Anti-Unfair Competition Law, which became effective on December 1, 1993 and was amended on November 4, 2017, with the most recent amendment coming into force on January 1, 2018. The Anti-Unfair Competition Law provides that a business operator commits a crime if it offers money or any other bribes in the course of selling or purchasing products.

Medical device companies involved in criminal investigations or administrative proceedings related to bribery are listed in the Adverse Records of Commercial Briberies by their respective provincial health and

family planning administrative departments. Pursuant to the Provisions on the Establishment of Adverse Records of Commercial Briberies in the Medicine Purchase and Sales Industry, which became effective on March 1, 2014, provincial health and family planning administrative departments are responsible for formulating the implementing measures for the establishment of Adverse Records of Commercial Briberies. If a company is listed in the Adverse Records of Commercial Briberies for the first time, its products may not be purchased by public medical institutions. A company will not be penalized by the relevant PRC government authorities merely by virtue of having contractual relationships with sales agents or third-party promoters who are engaged in bribery activities, so long as such company and its employees are not utilizing the sales agents or third-party promoters for the implementation of, or acting in conjunction with them in, the prohibited bribery activities. In addition, a company is under no legal obligation to monitor the operating activities of its sales agents and third-party promoters, and will not be subject to penalties or sanctions by relevant PRC government authorities as a result of failure to monitor their operating activities.

Product Liability Regulations

In addition to a strict new medical products approval process, certain PRC laws have been promulgated to protect the rights of consumers and to strengthen the control of medical products in China. Under current PRC law, manufacturers and vendors of defective products in China may incur liability for loss and injury caused by such products. Pursuant to the General Principles of the Civil Law of the PRC promulgated on April 12, 1986 and amended on August 27, 2009, a defective product that causes property damage or physical injury to any person may subject the manufacturer or vendor of that product to civil liability for such damage or injury.

On February 22, 1993, the Product Quality Law of the PRC, or the Product Quality Law, was promulgated to supplement the Civil Law of the PRC aiming to protect the legitimate rights and interests of the end-users and consumers and to strengthen the supervision and control of the quality of products. The Product Quality Law was revised by the National People's Congress on July 8, 2000, August 27, 2009 and December 29, 2018. Pursuant to the revised Product Quality Law, manufacturers who produce defective products may be subject to civil or criminal liability and have their business licenses revoked.

The Law of the PRC on the Protection of the Rights and Interests of Consumers was promulgated on October 31, 1993 and was amended on August 27, 2009 and October 25, 2013 to protect consumers' rights when they purchase or use goods and accept services. All business operators must comply with this law when they manufacture or sell goods and/or provide services to customers. Under the amendments made on October 25, 2013, all business operators must pay high attention to protecting customers' privacy and must strictly keep confidential any consumer information they obtain during their business operations. In addition, in extreme situations, pharmaceutical product manufacturers and operators may be subject to criminal liability if their goods or services lead to the death or injuries of customers or other third parties.

We are not aware of any material product liability related litigation or other legal proceedings against us arising from the gene testing products or services that we provide to our customers.

PRC Tort Law

Under the Tort Law of the PRC, which became effective on July 1, 2010, if damages to persons are caused by defective products due to the fault of a third party, such as the parties providing transportation or warehousing services, the producers and the sellers of the products have a right to recover their respective losses from such third parties. If defective products are identified after they have been distributed, the producers or the sellers must take remedial measures, such as issuance of a warning or recall of products, in a timely manner. The producers or the sellers will be liable under tort if they fail to take remedial measures in a timely manner or have not made efforts to take remedial measures, thus causing damages. If the products are produced or sold with known defects and cause deaths or severe adverse health issues, the infringed party has a right to claim punitive damages in addition to compensatory damages.

Intellectual Property Laws and Regulations

China has made substantial efforts to promulgate comprehensive legislation governing intellectual property rights, including laws and regulations on patents, trademarks, copyrights and domain names.

Patents

Pursuant to the PRC Patent Law, most recently amended in December 2008, and its implementation rules, most recently amended in January 2010, patents in China fall into three categories: invention, utility model and design. An invention patent is granted to a new technical solution proposed in respect of a product or method or an improvement of a product or method. A utility model is granted to a new technical solution that is practicable for application and proposed in respect of the shape, structure (or a combination of both) of a product. A design patent is granted to a new design of a certain product in shape, pattern (or a combination of both) and in color, shape and pattern combinations aesthetically suitable for industrial application. Under the PRC Patent Law, the term of patent protection starts from the date of application. Patents relating to invention are effective for twenty years, and utility model and design patents are effective for ten years from the date of application. The PRC Patent Law adopts the principle of "first-to-file" system, which provides that where more than one person files a patent application for the same invention, a patent will be granted to the person who first files the application.

Existing patents can be narrowed, invalidated or unenforceable due to a variety of grounds, including lack of novelty, creativity, and deficiencies in patent application. In China, a patent must have novelty, creativity and practical applicability. Under the PRC Patent Law, novelty means that before a patent application is filed, no identical invention or utility model has been publicly disclosed in any publication in China or overseas or has been publicly used or made known to the public by any other means, whether in or outside of China, nor has any other person filed with the patent authority an application that describes an identical invention or utility model and is recorded in patent application documents or patent documents published after the filing date. Creativity means that, compared with existing technology, an invention has prominent substantial features and represents notable progress, and a utility model has substantial features and represents any progress. Practical applicability means an invention or utility model can be manufactured or used and may produce positive results. Patents in China are filed with the State Intellectual Property Office, or SIPO. Normally, the SIPO publishes an application for an invention patent within 18 months after the filing date, which may be shortened at the request of applicant. The applicant must apply to the SIPO for a substantive examination within three years from the date of application.

The PRC Patent Law provides that, for an invention or utility model completed in China, any applicant (not limited to Chinese companies and individuals), before filing a patent application outside of China, must first submit it to the SIPO for a confidential examination. Failure to comply with this requirement will result in the denial of any Chinese patent for the relevant invention. This added requirement of confidential examination by the SIPO has raised concerns by foreign companies that conduct research and development activities in China or outsource research and development activities to service providers in China.

Patent Enforcement

Unauthorized use of patents without consent from owners of patents, forgery of patents belonging to other persons, or engaging in other patent infringement acts, will subject the infringers to infringement liability. Serious offenses such as forgery of patents may be subject to criminal penalties.

When a dispute arises out of the infringement of a patent owner's patent rights, PRC law requires that the parties first attempt to settle the dispute through mutual consultation. However, if the dispute cannot be settled through mutual consultation, the patent owner, or an interested party who believes the patent is being infringed, may either file a civil legal suit or file an administrative complaint with the relevant patent administration authority. A Chinese court may issue a preliminary injunction upon the request of the patent owner or an

interested party before instituting any legal proceedings or during the proceedings. Damages for infringement are calculated as the loss suffered by the patent holder arising from the infringement, and if the loss suffered by the patent holder arising from the infringement cannot be determined, the damages for infringement are calculated as the benefit gained by the infringer from the infringement. If it is difficult to ascertain damages in this manner, damages may be determined using a reasonable multiple of the license fee under a contractual license. Statutory damages may be awarded in circumstances where damages cannot be determined by the calculation standards described above. The damage calculation methods will be applied in the order described above. Generally, a patent owner has the burden of proving that the patent is being infringed. However, if the owner of an invention patent for manufacturing process of a new product alleges infringement of its patent, the alleged infringer has the burden of proof.

As of March 31, 2020, we held 12 patents in China. As of the same date, we had eight pending patent applications in China, three pending patent applications in Hong Kong, and four international applications strategically filed under the Patent Cooperation Treaty, of which one is pending registration for our MSI calling algorithms in the U.S., Europe and Japan and another one is pending registration for brELSA™, our targeted DNA-methylation based library preparation method for early cancer detection, in China.

Trade Secrets

According to the PRC Anti-Unfair Competition Law, the term “trade secrets” refers to technical and business information that is unknown to the public, has utility and may create business interests or profits for its legal owners or holders, and is maintained as a secret by its legal owners or holders.

Under the PRC Anti-Unfair Competition Law, which was promulgated on September 2, 1993 and was amended on November 4, 2017, business persons are prohibited from infringing others’ trade secrets by: (1) obtaining the trade secrets from the legal owners or holders by any unfair methods such as theft, bribery, intimidation, solicitation or coercion; (2) disclosing, using or permitting others to use the trade secrets obtained illegally under item (1) above; or (3) disclosing, using or permitting others to use the trade secrets in violation of any contractual agreements or any requirements of the legal owners or holders to keep such trade secrets in confidence. If a third party knows or should have known that an employee or former employee of the right owner of trade secrets or any other entity or individual conducts any of the illegal acts listed above, but still accepts, publishes, uses or allows any other to use such secrets, this practice will be deemed as an infringement of trade secrets. A party whose trade secrets are being misappropriated may petition for administrative corrections, and regulatory authorities may stop any illegal activities and fine infringing parties in the amount of RMB100,000 to RMB500,000, and where the circumstance is serious, the fine will be RMB500,000 to RMB3,000,000. Alternatively, persons whose trade secrets are being misappropriated may file lawsuits in a Chinese court for loss and damages incurred due to the misappropriation.

The measures to protect trade secrets include oral or written non-disclosure agreements or other reasonable measures to require the employees of, or persons in business contact with, legal owners or holders to keep trade secrets confidential. Once the legal owners or holders have asked others to keep trade secrets confidential and have adopted reasonable protection measures, the requested persons bear the responsibility for keeping the trade secrets confidential.

Trademarks

The PRC Trademark Law and its implementation rules protect registered trademarks. The PRC Trademark Office of State Administration of Industry and Commerce is responsible for the registration and administration of trademarks throughout the PRC. The Trademark Law has adopted a “first-to-file” principle with respect to trademark registration. As of March 31, 2020, we had 87 registered trademarks and 160 pending trademark applications in the PRC.

Copyright

Pursuant to the Copyright Law of the PRC, effective in June 1, 1991 and amended in October 27, 2001 and February 26, 2010, copyrights include personal rights such as the right of publication and that of attribution as well as property rights such as the rights of production and distribution. Reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the owner of the copyright therein, unless otherwise provided in the Copyright Law of the PRC, constitutes infringements of copyrights. The infringer must, according to the circumstances of the case, undertake to cease the infringement, take remedial action, and offer an apology or pay damages.

Pursuant to the Computer Software Copyright Protection Regulations promulgated on December 20, 2001 and amended in January 8, 2011 and January 30, 2013, a software copyright owner may complete registration formalities with a software registration authority recognized by the State Council's copyright administrative department. A software copyright owner may authorize others to exercise that copyright, and is entitled to receive remuneration. As of March 31, 2020, we had three software copyrights.

Domain Names

Domain names are protected under the Administrative Measures on the Internet Domain Names promulgated by the Ministry of Industry and Information Technology. The Ministry of Industry and Information Technology is the main regulatory body responsible for the administration of PRC internet domain names. As of March 31, 2020, we had four registered domain names, including our official website.

PRC Regulation on Data Protection

The Basic Standards for Medical Laboratories (for Trial Implementation), as promulgated by the NHFPC in 2016, provides that medical laboratories must establish information management and patient privacy protection policies. The Measures for the Administration of General Population Health Information (for Trial Implementation) as promulgated by the NHFPC in 2014 sets forth the operational measures for patient privacy protection in medical institutions. The measures regulate the collection, use, management, safety and privacy protection of general population health information by medical institutions. Medical institutions must establish information management departments responsible for general population health information and establish quality control procedures and relevant information systems to manage this information. Medical institutions must adopt stringent procedures to verify the general population health data collected, timely update and maintain the data, establish policies on the authorized use of this information, and establish safety protection systems, policies, practice and technical guidance to avoid divulging confidential or private information.

To comply with these laws and regulations, we have required our customers and research partners to consent to, or obtain consent from the tested individuals to, our collection and use of their personal information for our genetic tests. We have also established information security systems to protect tested individuals' privacy, including data access restrictions and monitoring, data storage, database encryption and backup procedures.

PRC Regulation on Labor Protection

Under the Labor Law of the PRC, effective on January 1, 1995 and subsequently amended on August 27, 2009 and December 29, 2018, the PRC Employment Contract Law, effective on January 1, 2008 and subsequently amended on December 28, 2012 and the Implementing Regulations of the Employment Contract Law, effective on September 18, 2008, 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. Employers are also 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 as requested by the Labor Contract Law of the PRC.

Pursuant to the Law of Manufacturing Safety of the PRC, effective on November 1, 2002 and amended on August 27, 2009 and August 31, 2014, manufacturers must establish a comprehensive management system to ensure manufacturing safety in accordance with applicable laws, regulations, national standards, and industrial standards. Manufacturers not meeting relevant legal requirements are not permitted to commence manufacturing activities.

Pursuant to the Administrative Measures Governing the Production Quality of Pharmaceutical Products effective on March 1, 2011, manufacturers of pharmaceutical products must establish production safety and labor protection measures in connection with the operation of their manufacturing equipment and manufacturing process.

Pursuant to applicable PRC laws, rules and regulations, including the Social Insurance Law, which became effective on July 1, 2011 and amended on December 29, 2018, the Interim Regulations on the Collection and Payment of Social Security Funds, which became effective on January 22, 1999 and amended on March 24, 2019, the Interim Measures concerning the Maternity Insurance of Employees, which become effective on January 1, 1995, and the Regulations on Work-related Injury Insurance, which became effective on January 1, 2004 and was subsequently amended on December 20, 2010, employers must contribute, on behalf of their employees, to a number of social security funds, including funds for basic pension insurance, unemployment insurance, basic medical insurance, work-related injury insurance and maternity insurance. If an employer fails to make social insurance contributions timely and in full, the social insurance collecting authority will order the employer to make up outstanding contributions within the prescribed time period and impose a late payment fee at the rate of 0.05% per day from the date on which the contribution becomes due. If such an employer fails to make the overdue contributions within the time limit, the relevant administrative department may impose a fine equivalent to one to three times the overdue amount.

Regulations Relating to Foreign Exchange Registration of Offshore Investment by PRC Residents

In July 2014, SAFE issued SAFE Circular 37 and its implementation guidelines. Pursuant to SAFE Circular 37 and its implementation guidelines, PRC residents (including PRC institutions and individuals) must register with local branches of SAFE in connection with their direct or indirect offshore investment in an overseas special purpose vehicle, or SPV, directly established or indirectly controlled by PRC residents for the purposes of offshore investment and financing with their legally owned assets or interests in domestic enterprises, or their legally owned offshore assets or interests. PRC residents required to make these registrations are also required to amend their registrations with SAFE when there is a change to the basic information of the SPV, such as changes of a PRC resident individual shareholder, the name or operating period of the SPV, or when there is a significant change to the SPV, such as changes of the PRC individual resident's increase or decrease of its capital contribution in the SPV, or any share transfer or exchange, merger, division of the SPV. In February 2015, SAFE further promulgated the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment, or the SAFE Circular 13, effective June 2015. SAFE Circular 13 amends SAFE Circular 37 by requiring PRC residents or entities to register with qualified banks rather than the SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. Failure to comply with the registration procedures set forth in these regulations may result in restrictions being imposed on the foreign exchange activities of the relevant onshore company, including the payment of dividends and other distributions to its offshore parent or affiliate, the capital inflow from the offshore entities and settlement of foreign exchange capital, and may also subject relevant onshore company or PRC residents to penalties under PRC foreign exchange administration regulations.

Regulations Relating to Employee Stock Incentive Plan

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. 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, must register with 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 these regulations. 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 these employees related to their share options or restricted shares. If the employees fail to pay, or the PRC subsidiaries fail to withhold, their IIT in accordance with relevant laws, rules and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC government authorities.

Regulations Relating to Dividend Distributions

The principal regulations governing distributions of dividends paid by wholly foreign-owned enterprises include:

- Company Law of the PRC (1993), as amended in 1999, 2004, 2005, 2013, and 2018;
- Foreign Investment Enterprise Law of the PRC; and
- Implementation Rules to the Foreign Investment Law.

Under these laws and regulations, foreign-invested enterprises in China may pay dividends only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise in China is required to set aside at least 10% of its after-tax profit (based on PRC accounting standards) each year to its general reserves until the accumulative amount of such reserves reach 50% of its registered capital. These reserves are not distributable as cash dividends. A foreign-invested enterprise has the discretion to allocate a portion of its after-tax profits to staff welfare and bonus funds. A PRC company may not 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.

Regulations Relating to Foreign Exchange

The principal regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations, most recently amended in August 2008. Under the Foreign Exchange Administration Regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, approval from or registration with appropriate government authorities is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital expenses, such as the repayment of foreign currency-denominated loans.

In August 2008, SAFE issued the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or SAFE Circular No. 142, regulating the conversion by a foreign-invested enterprise of foreign currency-registered capital into RMB by restricting how the converted RMB may be used. SAFE Circular No. 142 provides that RMB capital converted from foreign currency registered capital of a foreign-invested enterprise may only be used for purposes within the enterprise's business scope approved by the applicable government authority and may not be used for equity investments within China. SAFE also strengthened its oversight of the flow and use of Renminbi capital converted from foreign currency registered capital of foreign-invested

enterprises. The use of such Renminbi capital may not be changed without SAFE's approval, and such Renminbi capital may not in any case be used to repay Renminbi loans if the proceeds of such loans have not been used. In March 2015, SAFE issued SAFE Circular No. 19, which took effective and replaced SAFE Circular No. 142 on June 1, 2015. Although SAFE Circular No. 19 allows for the use of Renminbi converted from the foreign currency-denominated capital for equity investments in China, the restrictions continue to apply as to foreign-invested enterprises' use of the converted Renminbi for purposes beyond the business scope, for entrusted loans or for inter-company Renminbi loans. SAFE promulgated the Notice of the SAFE on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account, or Circular 16, effective on June 9, 2016, which reiterates some of the rules set forth in Circular 19, but changes the prohibition against using Renminbi capital converted from foreign currency-denominated registered capital of a foreign-invested company to issue Renminbi entrusted loans to a prohibition against using such capital to issue loans to non-associated enterprises. Violations of SAFE Circular 19 or Circular 16 could result in administrative penalties.

In November 2012, SAFE promulgated the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment, which substantially amended and simplified foreign exchange procedures. Pursuant to this circular, the opening of various special purpose foreign exchange accounts (e.g., pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts), the reinvestment of lawful incomes derived by foreign investors in China (e.g. profit, proceeds of equity transfer, capital reduction, liquidation and early repatriation of investment), and purchase and remittance of foreign exchange as a result of capital reduction, liquidation, early repatriation or share transfer in a foreign-invested enterprise no longer require SAFE approval, and multiple capital accounts for the same entity may be opened in different provinces, which was not previously permitted. In addition, SAFE promulgated the Circular on Printing and Distributing the Provisions on Foreign Exchange Administration over Domestic Direct Investment by Foreign Investors and the Supporting Documents in May 2013 and amended in October 2018, which specifies that the administration by SAFE or its local branches over direct investment by foreign investors in the PRC shall be conducted by way of registration and banks shall process foreign exchange business relating to the direct investment in China based on the registration information provided by SAFE and its branches.

Furthermore, SAFE Circular No. 13 delegates the authority to enforce the foreign exchange registration in connection with the inbound and outbound direct investment under relevant SAFE rules to certain banks and therefore further simplifies the foreign exchange registration procedures for inbound and outbound direct investment.

Regulations on Enterprise Income Tax

Pursuant to the EIT Law effective as of January 2008 and as last amended in December 2018, the income tax rate for both domestic and foreign-invested enterprises is 25% with certain exceptions. To clarify certain provisions in the EIT Law, the State Council promulgated the Implementation Rules of the EIT Law in December 2007, which became effective in January 2008 and as amended in April 2019. Under the EIT Law and the Implementation Rules of the EIT Law, enterprises are classified as either "resident enterprises" or "non-resident enterprises." Besides 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 EIT Law provides that a non-resident enterprise refers to an entity established under foreign law whose "de facto management body" is 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 EIT Law provide that since January 2008, an income tax rate of 10% will 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 dividends may be reduced pursuant to a tax treaty between China and the jurisdictions in which the non-PRC shareholders reside.

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. These laws and regulations governing both the disclosure and the use of confidential patient medical information may become more restrictive.

We also comply with numerous additional national and provincial laws relating to matters such as safe working conditions, manufacturing practices, environmental protection and fire hazard control in all material aspects. We believe that we are currently in compliance with these laws and regulations; however, we may be required to incur significant costs to comply with these laws and regulations in the future. Unanticipated changes in existing regulatory requirements or adoption of new requirements could therefore have a material adverse effect on our business, results of operations and financial condition.

MANAGEMENT

Directors and Executive Officers

The following table sets forth information regarding our directors and executive officers as of the date of this prospectus.

Directors and Executive Officers	Age	Position/Title
Yusheng Han	41	Founder, chairman of the board of directors and chief executive officer
Shaokun (Shannon) Chuai	41	Director and chief operating officer
Leo Li	35	Director and chief financial officer
Gang Lu	48	Director
Feng Deng	57	Director
Yunxia Yang	46	Director
Jing Rong	39	Director
Wendy Hayes*	50	Independent director appointee
Min-Jui Richard Shen*	55	Independent director appointee
Zhihong (Joe) Zhang	44	Chief technology officer
Hao Liu	46	Chief medical officer

* Ms. Wendy Hayes and Dr. Min-Jui Richard Shen have accepted their appointments to be independent directors of our company, effective upon the SEC's declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part.

Mr. Yusheng Han is our founder, chairman of the board of directors and chief executive officer. Mr. Han has 16 year of experience in life science. From June 2011 to November 2013, he was an associate in Northern Light Venture Capital where he focused on investment in the healthcare industry and helped the firm invest in successful companies. From July 2005 to May 2009, Mr. Han worked at BioTek Instruments, Inc. as its general manager in China. During his term with BioTek Instruments China, he built and led teams across marketing, sales and post-sale. From September 2003 to May 2005, he served as the product specialist of Gene Company Limited. Mr. Han received a bachelor's degree in biochemistry from Jilin University in July 2000, and a master's degree in cell biology in Peking Union Medical College in June 2003. He obtained a Master of Business Administration degree from Columbia Business School in May 2011.

Dr. Shaokun (Shannon) Chuai has served as our director since August 2016. Dr. Chuai joined us as chief technology officer in May 2014 and she was appointed the chief operating officer in March 2016. Prior to joining us, she worked at China Novartis Institutes for BioMedical Research (CNIBR), responsible for the bioinformatics and translational research platform, and Novartis Oncology as the principal statistician for phase III clinical trials of targeted drugs. From June 2003 to June 2005, she worked at Memorial Sloan-Kettering Cancer Center as research statistician, responsible for omics data mining and clinical trial design. Dr. Chuai holds a bachelor's degree from Nankai University, a master's degree in statistics and applied mathematics from Texas A&M University, and a Ph.D. degree in biostatistics from the University of Pennsylvania.

Mr. Leo Li has served as our chief financial officer since the third quarter of 2019 and our director since the first quarter of 2020. Prior to joining us, Mr. Li served as the chief financial officer of Weidai Ltd., a NYSE-listed leading auto-backed financing solution provider in China. Prior to Weidai Ltd., Mr. Li served as an investment director and later an executive director of Vision Knight Capital, or VKC, a private equity fund focusing on China's internet-driven sectors. Prior to VKC, Mr. Li worked at Morgan Stanley Asia Ltd. Mr. Li attended University of Oxford from 2004 to 2008 and received a four-year Master of Physics degree. Mr. Li is a Chartered Financial Analyst.

Mr. Gang Lu has served as our director since June 2014. In 2009, Mr. Lu joined Legend Star, a venture capital headquartered in Beijing, and he is now a partner of Legend Star and leads investment in healthcare,

specialized in the fields of innovative medicine, biological and genetic technology, and innovative medical service. Mr. Lu holds a bachelor's degree in electromagnetic engineering from Xidian University and a Master of Business Administration degree from Tsinghua University.

Mr. Feng Deng has served as our director since August 2016. Mr. Deng has over 20 years of experience in venture capital, computer science and telecommunication industry. He founded Northern Light Venture Capital in January 2006 and served as its managing director, focusing on investment in technology, media and telecom, or TMT, clean technology, healthcare and consumer sectors. From February 2004 to February 2005, he served as the vice president in strategy in Juniper Networks. From October 1997 to February 2004, Mr. Deng served as the vice president in engineering, chief strategy officer and a director of NetScreen Technologies Inc. Prior to NetScreen, he worked at Intel Corporation as a systems architect from July 1993 to October 1997. He holds a bachelor's and a master's degree in electronic engineering from Tsinghua University, a master's degree in computer engineering from the University of Southern California, and a Master of Business Administration degree from the Wharton Business School of the University of Pennsylvania.

Ms. Yunxia Yang has served as our director since January 2017. Ms. Yang is a partner of Sequoia Capital China focusing on healthcare investment. Prior to joining Sequoia Capital China in 2015, she worked at the healthcare team at Legend Capital, where she led investment in areas covering gene diagnostics, medical devices and healthcare service. Before setting foot in venture capital, she worked as business development manager at Johnson & Johnson and product manager at GE Healthcare. Ms. Yang holds a Master of Business Administration degree from Duke University and Master of Clinical Science from Huazhong Technology University.

Mr. Jing Rong has served as our director since May 2017. Mr. Rong is a managing director of CMBI Capital Management (Shenzhen) Co., Ltd., a wholly owned subsidiary of China Merchant Bank, responsible for equity investment in medical and pharmaceutical industries. In 2015, Mr. Rong served as general manager of the 4th investment department in Pingan Caizhi Investment Management Co., Ltd., a wholly owned subsidiary of Pingan Securities, focusing on equity investment in medical and pharmaceutical industries. From 2012 to 2015, he worked at China Merchants Capital Management Co., Ltd. as the vice president managing investment funds in medical and pharmaceutical industries. From 2007 to 2011, he worked at Ernst & Young and, from 2003 to 2007, at Deloitte. Mr. Rong obtained a bachelor's degree in accounting from Xiamen University in 2003 and a Master of Business Administration degree from Chinese University of Hong Kong in 2012.

Ms. Wendy Hayes will serve as our independent director upon the effectiveness of our registration statement on Form F-1, of which this prospectus is a part. Ms. Hayes has served as an independent director of Tuanche Limited (NASDAQ: TC) since November 2018 and Xinyuan Real Estate Co., Ltd. (NYSE: XIN) since January 2020. Between May 2013 and September 2018, Ms. Hayes served as the inspections leader at the Public Company Accounting Oversight Board in the United States. Prior to that, Ms. Hayes was an audit partner at Deloitte (China). Ms. Hayes received her bachelor's degree in international finance from University of International Business and Economics in 1991, and her executive MBA from Cheung Kong Graduate School of Business in 2012. Ms. Hayes is a certified public accountant in the United States (California) and China.

Dr. Min-Jui Richard Shen will serve as our independent director upon the effectiveness of our registration statement on Form F-1, of which this prospectus is a part. Dr. Shen is the managing director of RS Technology Ventures, LLC, a strategic advisory and investment company focused on nucleic acid analysis, oncology diagnostics and genomics which he founded in 2016. From 2000 to 2016, Dr. Shen worked at Illumina, Inc., a provider of life sciences tools company, where he successively served as, director of scientific operations, director of scientific research, senior director of biochemistry development, vice president for assay biochemistry and reagent manufacturing, vice president for operations and acting vice president for assay biochemistry, vice president for consumables product development, and vice president for oncology research and development. Prior to Illumina Inc., Dr. Shen worked at Myriad Genetics, Inc., a molecular diagnostics company, from 1998 to 2000. Dr. Shen received his bachelor's degree in biochemistry from University of California, Los Angeles and his Ph.D. degree in biochemistry and molecular biology from Louisiana State University Medical Center.

Additionally, Dr. Shen is a member of the External Advisory Board of the Parker H. Petit Institute for Bioengineering and Bioscience at the Georgia Institute of Technology.

Dr. Zhihong (Joe) Zhang served as our chief technology officer since March 2016. Prior to joining us, Dr. Zhang was a staff scientist of Illumina, Inc., and a senior fellow of Howard Hughes Medical Institute and University of Washington. He obtained a bachelor's and master's degree in biochemistry and molecular biology from Fudan University in 1997 and 2000, and a Ph.D. degree in molecular genetics and microbiology from Duke University in 2005.

Mr. Hao Liu has served as our chief medical officer since August 2015. Prior to joining us, Mr. Liu worked at Novartis, leading R&D strategy and projects in China on solid tumor. Prior to Novartis, he worked at Pfizer where he led clinical research on Crizotinib in China. Mr. Liu obtained a bachelor's degree in clinical medicine from Shanghai Medical College of Fudan University (formerly known as Shanghai Medical University) in July 1996, and a master's degree in pathology and pathophysiology from Peking Union Medical College in July 2001.

Board of Directors

Our board of directors will consist of nine directors upon the SEC's declaration of effectiveness of our registration statement on Form F-1, in which this prospectus is included. A director is not required to hold any shares in our company by way of qualification. A director may vote with respect to any contract, proposed contract or arrangement in which he is materially interested, provided that (a) such director, if his or her interest in such contract or arrangement is material, has declared the nature of his or her interest at the earliest meeting of the board at which it is practicable for him or her to do so, either specifically or by way of a general notice and (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, mortgage its undertaking, property and uncalled capital, and issue debentures or other securities whenever money is borrowed or as security for any obligation of the company or of any third party.

Committees of the Board of Directors

We will establish an audit committee, a compensation committee and a nominating and corporate governance committee. We will adopt a charter for each of these committees. Each committee's members and functions are described below.

Audit Committee. Our audit committee will consist of Ms. Wendy Hayes, Mr. Yusheng Han and Dr. Min-Jui Richard Shen. Ms. Wendy Hayes will be the chairman of our audit committee. We have determined that Ms. Wendy Hayes and Dr. Min-Jui Richard Shen each satisfies the "independence" requirements of Rule 5605(c)(2) of the Listing Rules of the Nasdaq Stock Market and meets the independence standards under Rule 10A-3 under the Exchange Act, as amended. We have determined that Ms. Wendy Hayes qualifies as an "audit committee financial expert." The audit committee will oversee our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee will be responsible for, among other things:

- appointing the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any steps taken to monitor and control major financial risk exposures;
- reviewing and approving all proposed related party transactions;

- meeting separately and periodically with management and the independent auditors; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

Compensation Committee. Our compensation committee will consist of Mr. Yusheng Han, Ms. Yunxia Yang and Mr. Jing Rong. Mr. Yusheng Han will be the chairman of our compensation committee. The compensation committee will assist the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which his compensation is deliberated. The compensation committee will be responsible for, among other things:

- reviewing and approving, or recommending to the board for its approval, the compensation for our chief executive officer and other executive officers;
- reviewing and recommending to the board for determination with respect to the compensation of our non-employee directors;
- reviewing periodically and approving any incentive compensation or equity plans, programs or similar arrangements; and
- selecting compensation consultant, legal counsel or other adviser only after taking into consideration all factors relevant to that person's independence from management.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee will consist of Mr. Gang Lu, Ms. Wendy Hayes and Mr. Yusheng Han. Mr. Gang Lu will be the chairman of our nomination committee. We have determined that Ms. Wendy Hayes satisfies the "independence" requirements of the Listing Rules of the Nasdaq Stock Market. The nominating and corporate governance committee will assist the board in selecting individuals qualified to become our directors, and determining the composition of the board and its committees. The nominating and corporate governance committee is responsible for, among other things:

- selecting and recommending to the board nominees for election by the shareholders or appointment by the board;
- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, knowledge, skills, experience and diversity;
- making recommendations on the frequency and structure of board meetings and monitoring the functioning of the committees of the board; and
- advising the board periodically with regards to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any remedial action to be taken.

Duties of Directors

Under Cayman Islands law, our directors owe fiduciary duties to our company, including a duty of loyalty, a duty to act honestly, and a duty to act in what they consider in good faith to be in our best interests. Our directors must also exercise their powers only for a proper purpose. Our directors also have a duty to exercise skills they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than what 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. In fulfilling their

duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time, and the class rights vested thereunder in the holders of the shares. Our company has the right to seek damages if a duty owed by our directors is breached. A shareholder may in certain circumstances have rights to damages if a duty owed by the directors is breached.

Our board of directors has all the powers necessary for managing, and for directing and supervising, our business affairs. The functions and powers of our board of directors include, among others:

- convening shareholders' annual general meetings and reporting its work to shareholders at such meetings;
- declaring dividends and distributions;
- appointing officers and determining the term of office of the officers;
- exercising the borrowing powers of our company and mortgaging the property of our company; and
- approving the transfer of shares in our company, including the registration of such shares in our share register.

Terms of Directors and Officers

Our directors may be elected by an ordinary resolution of our shareholders. Alternatively, our board of directors may, by the affirmative vote of a simple majority of the directors present and voting at a board meeting appoint any person as a director to fill a casual vacancy on our board or as an addition to the existing board. One-third of our directors (or, if the number of our directors is not a multiple of three, the number nearest to but not greater than one-third) will retire from office by rotation at each annual general meeting. In addition, a director will cease to be a director if he (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found to be or becomes of unsound mind; (iii) resigns his office by notice in writing; (iv) without special leave of absence from our board, is absent from meetings of our board for three consecutive meetings and our board resolves that his office be vacated; or (v) is removed from office pursuant to any other provision of our articles of association.

Our officers are appointed by and serve at the discretion of the board of directors, and may be removed by our board of directors.

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with each of our executive officers. Under these agreements, each of our executive officers is employed for a specified time period. We may terminate employment for cause, at any time, without advance notice or remuneration, for certain acts of the executive officer, such as conviction or plea of guilty to a felony or any crime involving moral turpitude, negligent or dishonest acts to our detriment, or misconduct. If the executive officer otherwise fails to perform agreed duties, we may terminate employment upon one-week to 30-day advance written notice. We may also terminate an executive officer's employment upon mutual agreement or 30-day advance written notice. In such case of termination by us, we will provide severance payments to the executive officer as expressly required by applicable law of the jurisdiction where the executive officer is based. Our executive officer may resign at any time upon mutual agreement or 30-day advance written notice.

Each executive officer has agreed to hold, both during and after the termination or expiration of his or her employment agreement, in strict confidence and not to use, except as required in the performance of his or her duties in connection with the employment or pursuant to applicable law, any of our confidential information or trade secrets, any confidential information or trade secrets of our clients or prospective clients, or the confidential or proprietary information of any third party received by us and for which we have confidential obligations. The

executive officers have also agreed to disclose in confidence to us all information with economic value, including but not limited to inventions, works and software, which they conceive, develop or reduce to practice during the executive officer's employment with us and one year following the last date of employment, and to assign all right, title and interest in them to us, and assist us in obtaining and enforcing patents, copyrights and other legal rights for information with economic value.

We have entered into indemnification agreements with each of our directors and executive officers. 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.

Compensation of Directors and Executive Officers

In 2019, we paid an aggregate of approximately RMB4.5 million (US$0.6 million) in cash to our executive officers, and we did not pay any compensation to our non-executive directors. Our PRC subsidiaries are required by law to make contributions equal to certain percentages of each employee's salary for his or her pension insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance and other statutory benefits and a housing provident fund.

2020 Share Incentive Plan

In May 2020, our board of directors and shareholders approved our 2020 Share Incentive Plan, or the 2020 Plan, to provide incentives to employees, directors and consultants and promote the success of our business. The maximum number of ordinary shares that may be issued pursuant to all awards under our 2020 Plan is 4,512,276 ordinary shares. As of the date of this prospectus, we have not granted any awards under the 2020 Plan.

The following paragraphs describe the principal terms of the 2020 Plan:

Type of awards. The 2020 Plan permits the awards of options, restricted shares, restricted share units that the plan administrator decides.

Plan administration. Our compensation committee will administer the 2020 Plan. The compensation committee will determine the participants to receive awards, the time, type and number of awards to be granted to each participant, and the terms and conditions of each award grant.

Award agreement. Awards granted under the 2020 Plan are evidenced by an award agreement that sets forth terms, conditions and limitations for each award, which may include the term of the award, the provisions applicable in the event of the grantee's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind the award.

Eligibility. We may grant awards to employees, directors and consultants of our company or any of our affiliates.

Vesting schedule. In general, the plan administrator determines the vesting schedule, which is specified in the relevant award agreement.

Exercise of options. The plan administrator determines the exercise price per share for each award, which is stated in the award agreement and shall be no less than the par value of any such shares. The vested portion of option will expire if not exercised prior to the time as the plan administrator determines at the time of its grant. However, the maximum exercisable term is ten years from the date of a grant.

Transfer Restrictions. Awards may not be transferred in any manner by the participant other than in accordance with the exceptions provided in the 2020 Plan or the relevant award agreement or otherwise determined by the plan administrator, such as transfers by will or the laws of descent and distribution.

Termination and Amendment. Unless terminated earlier, the 2020 Plan has a term of ten years. The plan administrator has the authority to amend or terminate the 2020 Plan. Except with respect to amendments made by the plan administrator, no termination, amendment or modification may diminish any of the rights of the participant under any award pursuant to the 2020 Plan unless agreed by the participant.

Share Incentive Awards

We have granted share options to our directors, officers and employees. As of the date of this prospectus, options to purchase 2,442,209 ordinary shares are outstanding. The following table summarizes, as of the date of this prospectus, the awards granted to our directors and executive officers and other individuals as authorized by our board of directors, excluding awards that were forfeited or canceled after the relevant grant dates.

Name	Ordinary Shares Underlying Options Awarded*	Exercise Price* (US$/Share)	Date of Grant	Date of Expiration
Shaokun (Shannon) Chuai	1,067,383	0.0002	May 10, 2014	May 10, 2024
Leo Li	**	0.0002 and 13.6184	October 31, 2019 and December 30, 2019	October 31, 2029 and December 30, 2029
Zhihong (Joe) Zhang	**	0.0002	December 1, 2015, April 1, 2016 and May 10, 2018	December 1, 2025, April 1, 2026 and May 10, 2028
Hao Liu	**	0.0002	August 3, 2015	August 3, 2025
Other individuals as a group	2,336,870	0.0002	March 18, 2014 to February 1, 2020	March 18, 2024 to February 1, 2030

* In January 2020, we effected a 2-for-1 reverse share split. For the purpose of presenting the ordinary shares underlying options awarded and exercise price per share in the table above, such reverse share split has been retroactively reflected for awards granted presented herein.
** Less than 1% of our total outstanding shares.

PRINCIPAL SHAREHOLDERS

Except as specifically noted, the following table sets forth information with respect to the beneficial ownership of our ordinary shares on an as-converted basis as of the date of this prospectus by:

- each of our directors and executive officers; and
- each person known to us to own beneficially more than 5% or more of each class of the voting securities, assuming issued and outstanding preferred shares are automatically converted into ordinary shares upon completion of this offering.

The calculations in the table below are based on 86,764,383 ordinary shares on an as-converted basis outstanding as of the date of this prospectus, and 84,663,673 Class A ordinary shares, including (i) 13,500,000 Class A ordinary shares to be sold by us in this offering in the form of ADSs and (ii) 1,724,138 Class A ordinary shares we will issue and sell in the concurrent private placement at an assumed initial public offering price of US$14.50 per ADSs, the midpoint of the estimated range of the initial public offering price, and 17,324,848 Class B ordinary shares outstanding immediately after the completion of this offering and concurrent private placement, assuming the underwriters do not exercise their over-allotment option.

OrbiMed Entities and Casdin Partners Master Fund, L.P., our existing shareholders, have indicated an interest in purchasing up to US$25 million and US$22.5 million, respectively, of the ADSs representing Class A ordinary shares in this offering at the initial public offering price and on the same terms as the other ADSs being offered. Certain existing shareholders and their affiliates, including an affiliate of LYFE Capital, an affiliate of Lilly Asia Ventures, investment funds sponsored by CMB International Capital Corporation Limited and its affiliates and investment funds affiliated with Sequoia Capital China, have indicated an interest in purchasing up to an aggregate of US$31.5 million of the ADSs representing Class A ordinary shares in this offering at the initial public offering price and on the same terms as the other ADSs being offered. Such indications of interest are not binding agreements or commitments to purchase, and we and the underwriters are currently under no obligation to sell ADSs to any of these shareholders or their affiliates. The calculations in the table below do not take into account of the subscription of these shareholders or their affiliates in this offering, if any.

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, including through the exercise of any option, warrant or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

	Ordinary Shares Beneficially Owned Prior to This Offering and Concurrent Private Placement†		Ordinary Shares Beneficially Owned Immediately After This Offering and Concurrent Private Placement				
	Number	%††	Class A Ordinary Shares	Class B Ordinary Shares	Total Ordinary Shares on an as-Converted Basis	% of Beneficial Ownership	% of Aggregate Voting Power†††
Directors and Executive Officers:**							
Yusheng Han(1)	17,324,848	20.0%	—	17,324,848	17,324,848	17.0%	55.1%
Shaokun (Shannon) Chuai(2)	2,645,799	3.0%	2,645,799	—	2,645,799	2.6%	1.4%
Leo Li	*	*	*	—	*	*	*
Gang Lu	—	—	—	—	—	—	—
Feng Deng(3)	11,880,245	13.7%	11,880,245	—	11,880,245	11.6%	6.3%
Yunxia Yang	—	—	—	—	—	—	—
Jing Rong	—	—	—	—	—	—	—
Wendy Hayes***	—	—	—	—	—	—	—
Min-Jui Richard Shen***	—	—	—	—	—	—	—
Zhihong (Joe) Zhang	*	*	*	—	*	*	*
Hao Liu	*	*	*	—	*	*	*
All Directors and Executive Officers as a Group	32,772,454	37.8%	15,447,606	17,324,848	32,772,454	32.1%	63.3%
Principal Shareholders:							
Quantum Boundary Holdings Limited(1)	17,324,848	20.0%	—	17,324,848	17,324,848	17.0%	55.1%
Northern Light Venture Capital III, Ltd.(4)	11,880,245	13.7%	11,880,245	—	11,880,245	11.6%	6.3%
Entities affiliated with LYFE Capital(5)	8,463,137	9.8%	8,463,137	—	8,463,137	8.3%	4.5%
Investment funds affiliated with Sequoia Capital China(6)	7,933,561	9.1%	7,933,561	—	7,933,561	7.8%	4.2%
Investment funds affiliated with CMB International Private Investment Limited(7)	7,594,385	8.8%	7,594,385	—	7,594,385	7.4%	4.0%
Crest Top Developments Limited(8)	5,321,180	6.1%	5,321,180	—	5,321,180	5.2%	2.8%
An entity affiliated with GIC(9)	5,324,750	6.1%	5,324,750	—	5,324,750	5.2%	2.8%

* Less than 1% of our total outstanding shares.

** Except as otherwise indicated below, the business address of our directors and executive officers is 601, 6/F, Building 3, Standard Industrial Unit 2, No. 7, Luoxuan 4th Road, International Bio Island, Guangzhou, China.

*** Ms. Wendy Hayes and Dr. Min-Jui Richard Shen have accepted their appointments to be independent directors of our company, effective upon the SEC's declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part.

† In January 2020, we effected a 2-for-1 reverse share split. For the purpose of presenting the beneficial ownership of ordinary shares in the table above, such reverse share split has been retroactively reflected for the share numbers and percentages presented herein.

†† For each person and group included in this column, percentage ownership is calculated by dividing the number of shares beneficially owned by such person or group by the sum of the total number of shares outstanding, which is 86,764,383 on an as-converted basis as of the date of this prospectus, and the number of shares such person or group has the right to acquire upon exercise of an option, warrant or other right within 60 days after the date of this prospectus. The total number of ordinary shares outstanding upon completion of this offering will be 101,988,521, including 13,500,000 Class A ordinary shares to be sold by us in this offering in the form of ADSs, 1,724,138 Class A ordinary shares we will issue and sell in the concurrent private placement at an assumed initial public offering price of US$14.50 per ADSs, the midpoint of the estimated range of the initial public offering price, and 17,324,848 Class B ordinary shares redesignated from our ordinary shares.

††† For each person and group included in this column, percentage of voting power is calculated by dividing the voting power beneficially owned by such person or group by the voting power of all of our Class A and Class B ordinary shares as a single class. Each holder of Class A ordinary shares is entitled to one vote per share and each holder of our Class B ordinary shares is entitled to six (6) votes per share on all matters submitted to them for a vote. Our Class A ordinary shares and Class B ordinary shares vote together as a single class on all matters submitted to a vote of our shareholders, except as may otherwise be required by law. Our Class B ordinary shares are convertible at any time by the holder thereof into Class A ordinary shares on a one-for-one basis.

(1) Represents 14,535,523 ordinary shares, 1,637,108 Series A convertible redeemable preferred shares, and 1,152,217 Series A+ convertible redeemable preferred shares directly held by Quantum Boundary Holdings Limited, a British Virgin Island company. Quantum Boundary Holdings Limited is indirectly wholly owned and ultimately controlled by a family trust, a trust established under the laws of the Republic of Singapore and managed by J.P. Morgan Trust Company (Singapore) Pte. Ltd as the trustee. Mr. Han is the settlor of the trust. Mr. Han and his family members are the beneficiaries of the trust. All of these ordinary and convertible redeemable preferred shares will be re-designated as Class B ordinary shares upon completion of this offering. The register address of Quantum Boundary Holdings Limited is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

(2) Represents 1,986,025 ordinary shares, 341,064 Series A convertible redeemable preferred shares, and 318,710 Series A+ convertible redeemable preferred shares directly held by Loving Marvin Holdings Limited, a British Virgin Island company. A portion of these ordinary shares, which constitute less than 1% of our total outstanding shares, have been pledged to an independent third party to secure a borrowing. Loving Marvin Holdings Limited is indirectly wholly owned and ultimately controlled by a family trust, a trust established under the laws of the Republic of Singapore and managed by J.P. Morgan Trust Company (Singapore) Pte. Ltd as the trustee. Dr. Shaokun (Shannon) Chuai is the settlor of the trust. Dr. Shaokun (Shannon) Chuai and her family members are the beneficiaries of the trust. All of these ordinary and convertible redeemable preferred shares will be re-designated as Class A ordinary shares upon completion of this offering. The registered address of Loving Marvin Holdings Limited is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

(3) Consists of the shares listed in footnote (4) below. For purpose of this section, Mr. Feng Deng, one of our directors, beneficially owns the shares held by Northern Light Venture Capital III, Ltd.

(4) Represents 11,880,245 Series A convertible redeemable preferred shares held by Northern Light Venture Capital III, Ltd., or NLVC, a Cayman Islands exempted limited liability company. NLVC is beneficially owned by Northern Light Venture Fund III, L.P., Northern Light Strategic Fund III, L.P. and Northern Light Partners Fund III, L.P., which are Cayman Islands exempted limited liability partnerships. The general partner of these three limited partnerships is Northern Light Partners III, L.P., a Cayman Islands exempted limited liability partnership, which is ultimately controlled by Feng Deng, who is one of our directors. All of these convertible redeemable preferred shares will be re-designated as Class A ordinary shares upon completion of this offering. The registered address of Northern Light Venture Capital III, Ltd. is Floor 4, Willow House, Cricket Square, Grand Cayman, KY1-9010, Cayman Islands.

(5) Represents (i) 3,650,794 Series A+ convertible redeemable preferred shares, 2,948,680 Series B convertible redeemable preferred shares, and 266,238 Series C convertible redeemable preferred shares held by LYFE Capital Stone (Hong Kong) Limited, a Hong Kong private company limited by shares, and (ii) 1,597,425 Series C convertible redeemable preferred shares held by LYFE Mount Whitney Limited, a Hong Kong private company limited by shares. LYFE Capital Stone (Hong Kong) Limited is owned by LYFE Capital Fund, L.P., and LYFE Capital Fund—A, L.P. LYFE Mount Whitney Limited is owned by LYFE Capital Fund II, L.P., Pantheon Access Co-investment Program, L.P.—Series 81 and Pantheon International PLC. LYFE Capital GP, L.P. is the general partner of LYFE Capital Fund, L.P. LYFE Capital GP II, L.P. is the general partner of LYFE Capital Fund II, L.P. LYFE Capital Management Limited is, in turn, the general partner of LYFE Capital GP, L.P. and LYFE Capital GP II, L.P. Mr. Jin Zhao and Mr. Zhengkun Yu, through their control over LYFE Capital Management Limited, share the voting and investment power with respect to all of our shares held by LYFE Capital Stone (Hong Kong) Limited and LYFE Mount Whitney Limited. All of these convertible redeemable preferred shares will be re-designated as Class A ordinary shares upon completion of this offering. The registered address of LYFE Capital Stone (Hong Kong) Limited is Suite 1113A, 11/F, Ocean Centre, Harbour City, 5 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong. The registered address of LYFE Mount Whitney Limited is Suite 1113A, 11/F, Ocean Centre, Harbour City, 5 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

(6) Represents (i) 2,777,778 Series A+ convertible redeemable preferred shares and 797,724 Series B convertible redeemable preferred shares directly held by SCC Venture V Holdco I, Ltd., an exempted company with limited liability incorporated under the law of the Cayman Islands, and (ii) 4,038,574 Series B convertible redeemable preferred shares and 319,485 Series C convertible redeemable preferred shares directly held by SCC Venture VI Holdco, Ltd., an exempted company with limited liability incorporated under the law of the Cayman Islands. All of these convertible redeemable preferred shares will be re-designated as Class A ordinary shares upon completion of this offering. SCC Venture V Holdco I, Ltd. is wholly owned by Sequoia Capital China Venture Fund V, L.P. The general partner of Sequoia Capital China Venture Fund V, L.P. is SC China Venture V Management, L.P., whose general partner is SC China Holding Limited. SCC Venture VI Holdco, Ltd. is wholly owned by Sequoia Capital China Venture Fund VI, L.P. The general partner of Sequoia Capital China Venture Fund VI, L.P. is SC China Venture VI Management, L.P., whose general partner is SC China Holding Limited. SC China Holding Limited is wholly owned by SNP China Enterprises Limited, which in turn is wholly owned by Mr. Neil Nanpeng Shen. The registered address of SCC Venture V Holdco I, Ltd. and SCC Venture VI Holdco, Ltd. is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

(7) Represents (i) 4,495,950 Series B convertible redeemable preferred shares and 2,033,485 Series C convertible redeemable preferred shares held by EverGreen SeriesC Limited Partnership, a Cayman Islands exempted limited partnership; and (ii) 1,064,950 Series C convertible redeemable preferred shares held by CMBI Private Equity Series SPC on behalf of and for the account of Biotechnology Fund IV SP, a segregated portfolio company incorporated under the law of Cayman Islands, which in turn is wholly owned by CMB International Private Investment Limited, an exempted company with limited liability incorporated under the law of Cayman Islands. CMB International Private Investment Limited is also the general partner of EverGreen SeriesC Limited Partnership, and holds voting

and dispositive power of the shares held by EverGreen SeriesC Limited Partnership. The registered address of CMBI Private Equity Series SPC is the offices of Harneys Fiduciary (Cayman) Limited of 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. The registered address of EverGreen SeriesC Limited Partnership is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands.

(8) Represents 4,160,983 Series A convertible redeemable preferred shares, 873,016 Series A+ convertible redeemable preferred shares, and 287,181 Series B convertible redeemable preferred shares held by Crest Top Developments Limited, a limited liability company incorporated under the law of British Virgin Islands, which is ultimately wholly owned by Legend Holdings Corporation. All of these convertible redeemable preferred shares will be re-designated as Class A ordinary shares upon completion of this offering. The registered address of Crest Top Developments Limited is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

(9) Represents 5,324,750 Series C convertible redeemable preferred shares held by Owap Investment Pte Ltd, a limited liability company incorporate under the law of Singapore. Owap Investment Pte. Ltd. is wholly owned by GIC (Ventures) Pte Ltd and is managed by GIC Special Investments Pte. Ltd., or GICSI. GICSI is wholly owned by GIC Private Limited and is the private equity investment arm of GIC Private Limited. The registered address of Owap Investment Pte Ltd is 168 Robinson Road, #37-01 Capital Tower, Singapore 068912.

As of the date of this prospectus, a total of 519,386 ordinary shares and 22,780 preferred shares are held by three record holders in the U.S., representing approximately 0.6% of our total outstanding ordinary shares on an as-converted basis.

We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

RELATED PARTY TRANSACTIONS

Contractual Arrangements with Our VIE and Its Shareholders

See “Corporate History and Structure—Contractual Arrangements.”

Private Placements

See “Description of Share Capital—History of Securities Issuances.”

Shareholders Agreement

See “Description of Share Capital—Shareholders Agreement.”

Employment Agreements and Indemnification Agreements

See “Management—Employment Agreements and Indemnification Agreements.”

Other Related Party Transactions

Transactions with EaSuMed

We invested in and are currently a minority shareholder of EaSuMed Holding Ltd., or EaSuMed, a medical service provider. In 2017, 2018, 2019 and the three months ended March 31, 2020, we paid service fees in the amount of RMB1.2 million, RMB1.2 million, RMB0.8 million (US$0.1 million) and nil to EaSuMed, respectively, which was mainly related to consulting services EaSuMed provided to us.

Transactions with BRT

BRT Bio Tech Limited, or BRT, was a former offshore holding company of our management team members. In 2017, 2018 and 2019, we repurchased a number of our shares from BRT for a consideration of RMB33.3 million, RMB1.5 million and RMB1.3 million (US$0.2 million), respectively. As of December 31, 2017, 2018 and 2019, we had RMB3.1 million, RMB3.3 million and nil due to BRT, respectively.

DESCRIPTION OF SHARE CAPITAL

We are a Cayman Islands company and our affairs are governed by our memorandum and articles of association, as amended from time to time, and the Companies Law of the Cayman Islands, which we refer to as the Companies Law below.

As of the date of this prospectus, our authorized share capital is US$50,000 divided into 250,000,000 shares, par value of US$0.0002 each, comprising (a) 188,207,510 ordinary shares, and (b) 61,792,490 preferred shares comprising (i) 22,714,874 Series A preferred shares, (ii) 10,589,670 Series A+ preferred shares, (iii) 12,768,717 Series B preferred shares, (iv) 13,589,757 Series C preferred shares and (v) 2,129,472 Series C+ preferred shares.

As of the date of this prospectus, there were 25,031,575 ordinary shares, 22,714,874 Series A preferred shares, 10,585,231 Series A+ preferred shares, 12,768,717 Series B preferred shares, 13,534,514 Series C preferred shares and 2,129,472 Series C+ preferred shares that are issued and outstanding. All of our issued and outstanding ordinary shares are fully paid, and all of our issued and outstanding preferred shares will be redesignated or converted into ordinary shares on a one-for-one basis.

We will issue 13,500,000 Class A ordinary shares represented by our ADSs in this offering and issue 1,724,138 Class A ordinary shares in the concurrent private placement, based on an assumed initial offering price of US$14.50 per ADS, the mid-point of the estimated range of initial public offering price. Therefore, upon completion of this offering and the concurrent private placement, we will have 84,663,673 Class A ordinary shares and 17,324,848 Class B ordinary shares issued and outstanding. All of our ordinary shares issued and outstanding prior to the completion of the offering are and will be fully paid, and all of our Class A ordinary shares to be issued in the offering will be issued as fully paid. Our authorized share capital post-offering will be US$50,000 divided into 230,000,000 Class A ordinary shares with a par value of US$0.0002 each and 20,000,000 Class B ordinary shares with a par value of US$0.0002 each.

Our Post-Offering Memorandum and Articles

We will adopt the tenth amended and restated memorandum and articles of association, which will become effective and replace our current eighth amended and restated memorandum and articles of association in its entirety upon completion of this offering. The following are summaries of material provisions of the post-offering memorandum and articles of association and of the Companies Law, insofar as they relate to the material terms of our ordinary shares.

Ordinary Shares

General. Holders of Class A ordinary shares and Class B ordinary shares will have the same rights except for voting and conversion rights. All of our outstanding ordinary shares are fully paid and non-assessable. Certificates representing the ordinary shares are issued in registered form. Our shareholders who are non-residents of the Cayman Islands may freely hold and transfer their ordinary shares.

Conversion. Each Class B ordinary share is convertible into one (1) Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any sale, transfer, assignment or disposition of any Class B ordinary share by a holder thereof to any person who is not an affiliate of such holder, or upon a change of control of any Class B ordinary share to any person who is not an affiliate of the registered shareholder of such Class B ordinary share, such Class B ordinary share shall be automatically and immediately converted into one Class A ordinary share. Furthermore, each Class B ordinary share will be automatically converted into one Class A ordinary share, if (i) at any time the holder thereof and the affiliates of such holder collectively hold less than 5% of the total number of our issued and outstanding shares, or (ii) at any time the holder thereof and the affiliates of such holder collectively hold less than 8.5% of the total number of our issued and outstanding shares and the holder thereof is no longer providing services to us in a position equivalent to or above vice president.

Dividends. The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors. Our tenth amended and restated articles of association provide that dividends may be declared

and paid out of our profits, realized or unrealized, or from any reserve set aside from profits which our board of directors determine is no longer needed. Dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law. Holders of ordinary shares and Class B ordinary shares will be entitled to the same amount of dividends, if declared.

Voting Rights. Holders of Class A ordinary shares and Class B ordinary shares shall, at all times, vote together as one class on all matters submitted to a vote by the members. Each Class A ordinary share shall be entitled to one vote on all matters subject to vote at general and special meetings of our company and each Class B ordinary share shall be entitled to six (6) votes on all matters subject to vote at general and special meetings of our company.

Voting at any meeting of shareholders is by show of hands unless a poll is demanded. 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 nominal value of the total issued voting shares of our company present in person or by proxy. 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 making changes to our tenth amended and restated memorandum and articles of association.

Transfer of Ordinary Shares. Subject to the restrictions contained in our tenth amended and restated articles of association, 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 of members 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 of members closed for more than 30 days in any year as our board may determine.

Liquidation. On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of ordinary shares), assets available for distribution among the holders of ordinary shares shall be distributed among the holders of the ordinary shares on a pro rata basis. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders proportionately.

Calls on Ordinary Shares and Forfeiture of Ordinary Shares. Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their ordinary shares in a notice served to such shareholders at least 14 clear days prior to the specified time of payment. The ordinary shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption of Ordinary Shares. The Companies Law and our tenth amended and restated articles of association permit us to purchase our own shares. In accordance with our tenth amended and restated articles of association and provided the necessary shareholders or board approval have been obtained, we may issue shares on terms that are subject to redemption, at our option or at the option of the holders of these shares, on such terms and in such manner, including out of capital, as may be determined by our board of directors.

Variations of Rights of Shares. All or any of the special rights attached to any class of shares may, subject to the provisions of the Companies Law, be materially adversely varied with the written consent of the holders of all of the issued shares of that class or with the sanction of an ordinary resolution passed at a general meeting of the holders of the shares of that class. 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.

General Meetings of Shareholders

Shareholders' meetings may be convened by a majority of our board of directors or our chairman. Advance notice of at least seven (7) calendar days is required for the convening of our annual general shareholders' meeting and any other general meeting of our shareholders. A quorum required for and throughout a meeting of shareholders consists of at least one shareholder entitled to vote and present in person or by proxy or (in the case of a shareholder being a corporation) by its duly authorized representative representing not less than one-third of all voting power of our share capital in issue.

Inspection of Books and Records

Holders of our ordinary shares will have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, we will in our articles provide our shareholders with the right to inspect our list of shareholders and to receive annual audited financial statements. See "Where You Can Find Additional Information."

Changes in Capital

We 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;
- consolidate and divide all or any of our share capital into shares of a larger amount than our existing shares;
- sub-divide our existing shares, or any of them into shares of a smaller amount; or
- cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of our share capital by the amount of the shares so canceled.

We may by special resolution, subject to any confirmation or consent required by the Companies Law, reduce our share capital or any capital redemption reserve in any manner permitted by law.

Exempted Company

We are an exempted company with limited liability incorporated under the Companies Law. The Companies Law in the Cayman Islands 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 for the exemptions and privileges listed below:

- an exempted company does not have to file an annual return of its shareholders with the Registrar of Companies;
- an exempted company's register of members is not open to inspection;
- an exempted company does not have to hold an annual general meeting;
- an exempted company may issue no par value shares;
- an exempted company may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- an exempted company may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- an exempted company may register as a limited duration company; and
- an exempted company 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. Upon completion of this offering, we will be subject to reporting and other informational requirements of the Exchange Act, as applicable to foreign private issuers. The NASDAQ Global Market rules require that every company listed on the NASDAQ Global Market hold an annual general meeting of shareholders. In addition, our tenth amended and restated articles of association allow directors to call special meeting of shareholders pursuant to the procedures set forth in our articles.

Differences in Corporate Law

The Companies Law is modeled after that of England and Wales but does not follow recent statutory enactments in England. In addition, the Companies Law differs from laws applicable to U.S. corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Law applicable to us and the laws applicable to companies incorporated in the State of Delaware.

Mergers and Similar Arrangements

A merger of two or more constituent companies under Cayman Islands law requires a plan of merger or consolidation to be approved by the directors of each constituent company and authorization by a special resolution of the members of each constituent company.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders. For this purpose a subsidiary is a company of which at least ninety percent (90%) of the issued shares entitled to vote are owned by the parent company.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain circumstances, a dissentient shareholder of a Cayman constituent company is entitled to payment of the fair value of his shares upon dissenting to a merger or consolidation. The exercise of appraisal rights will preclude the exercise of any other rights save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

In addition, there are statutory provisions that facilitate the reconstruction and amalgamation of companies, provided that the arrangement is approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must, in addition, represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Law.

When a takeover offer is made and accepted by holders of 90% of the shares within four months, the offeror may, within a two-month period commencing on the expiration of such four month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction is thus approved, the dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' Suits

In principle, we will normally be the proper plaintiff and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, there are exceptions to the foregoing principle, including when:

- 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 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 tenth amended and restated memorandum and articles of association permit indemnification of officers and directors for losses, damages, costs and expenses incurred in their capacities as such unless such losses or damages arise from dishonesty or fraud which may attach to such directors or officers. 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 senior executive officers that will provide such persons with additional indemnification beyond that provided in our tenth 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.

Anti-Takeover Provisions in the Memorandum and Articles of Association

Some provisions of our tenth amended and restated memorandum and articles of association may discourage, delay or prevent a change in control of our company or management that shareholders may consider favorable, including provisions that authorize our board of directors to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our tenth amended and restated memorandum and articles of association, as amended and restated from time to time, for what they believe in good faith to be in the best interests of our company.

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 act in a manner he or she reasonably believes to be in the best interests of the corporation. He or she must not use his or her 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, a 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 or her position as director (unless the company permits him to do so) and a duty not to put himself in a position where the interests of the company conflict with his or her personal interest or his or her duty to a third party. 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 or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder Action by Written Consent

Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Our tenth amended and restated articles of association provide that shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

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.

As an exempted Cayman Islands company, we are not obliged by law to call shareholders' annual general meetings.

Cumulative Voting

Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder's voting power with respect to electing such director. As permitted under Cayman Islands law, our tenth 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 tenth amended and restated articles of association, directors may be removed by an ordinary resolution of shareholders.

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 stock 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 for a proper corporate purpose 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 tenth amended and restated articles of association, our company may be dissolved, liquidated or wound up with the sanction of a special resolution at a meeting.

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 tenth 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 only with the sanction of an ordinary resolution passed at a general meeting of the holders of the shares of that class or the written consent the holders of all of the issued 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. As permitted by Cayman Islands law, our tenth amended and restated memorandum and articles of association may only be amended by a special resolution of shareholders.

Rights of Non-Resident or Foreign Shareholders

There are no limitations imposed by our eighth 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 tenth amended and restated memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

Directors' Power to Issue Shares

Subject to applicable law, our board of directors is empowered to issue or allot shares or grant options and warrants with or without preferred, deferred, qualified or other special rights or restrictions.

History of Securities Issuances

The following is a summary of our securities issuances in the past three years.

Ordinary Shares

On April 19, 2018, we issued 818,554 ordinary shares to BRT Bio Tech Limited for a consideration of US$164 upon the exercise of certain share incentive awards.

On October 30, 2019, we issued 1,864,343 ordinary shares to certain minority shareholders for an aggregate consideration of US$373 upon the exercise of certain share incentive awards.

Preferred Shares

On January 10, 2017, we issued a total of 7,020,059 Series B convertible redeemable preferred shares to SCC Venture VI Holdco, Ltd. and EverGreen SeriesC Limited Partnership, for an aggregate consideration of US$27.8 million. We concurrently issued 4,063,310 Series B convertible redeemable preferred shares to SCC Venture V Holdco I, Ltd., an entity affiliated with Sequoia Capital China, LYFE Capital Stone (Hong Kong) Limited, Crest Top Developments Limited and Anssence Investment Limited, upon conversion of our Series A+ convertible promissory notes and Series A+ supplementary convertible promissory notes, with aggregated principal and accrued interest of US$16.1 million.

On May 2, 2017, we issued a total of 1,605,849 Series B convertible redeemable preferred shares to EverGreen SeriesC Limited Partnership and BRT Bio Tech Limited for an aggregate consideration of US$6.4 million.

On December 21, 2018, we issued 79,499 Series B convertible redeemable preferred shares to BRT Bio Tech Limited for a consideration of US$0.3 million.

On January 31, 2019, we issued a total of 10,238,825 Series C convertible redeemable preferred shares to Owap Investment Pte Ltd, an affiliate of GIC, BRT Bio Tech Limited, CMBI Private Equity Series SPC on behalf of and for the account of Biotechnology Fund IV SP, LAV Biosciences Fund V, L.P., an affiliate of Lilly Asia Ventures, SCC Venture VI Holdco, Ltd., an entity affiliated with Sequoia Capital China, LYFE Capital Stone (Hong Kong) Limited, LYFE Mount Whitney Limited, A5J Ltd and Unique Invest Co., Ltd for an aggregate consideration of US$96.1 million. We concurrently issued 2,033,485 Series C convertible redeemable preferred shares to EverGreen SeriesC Limited Partnership upon conversion of our Series B convertible promissory notes, with aggregated principal and accrued interest of US$19.1 million.

In the fourth quarter of 2019, we issued a total of 252,497 Series C convertible redeemable preferred shares to certain minority shareholders, for an aggregate consideration of US$2.4 million.

On December 30, 2019, we entered into a Series C+ share purchase agreement with Worldwide Healthcare Trust PLC, The Biotech Growth Trust PLC, OrbiMed Genesis Master Fund, L.P., OrbiMed Partners Master Fund Limited, collectively, OrbiMed Entities, Casdin Partners Master Fund, L.P. and LAV Biosciences Fund V, L.P., an affiliate of Lilly Asia Ventures, pursuant to which we issued a total of 2,129,472 Series C+ convertible redeemable preferred shares to these investors on January 10, 2020 at US$13.62 per share for an aggregate consideration of US$29.0 million.

Convertible Promissory Notes

On January 10, 2017 and May 2, 2017, we issued two convertible promissory notes to EverGreen SeriesC Limited Partnership in an aggregate principal amount of US$2.0 million and US$15.0 million, respectively. The notes may be converted into our Series C preferred shares at the option of the holder upon completion of the sale of our Series C preferred shares. The number of the Series C preferred shares to be issued will be equal to the entire principal amount of these notes together with any and all accumulated but unpaid interests divided by 95% of the issue price of Series C preferred shares to be issued to other Series C investors.

Warrant

On January 31, 2019, we granted a warrant to Owap Investment Pte Ltd, one of our Series C investors, to purchase 1,064,950 Series C convertible redeemable preferred shares at the exercise price of US$9.39 per share (as may be adjusted from time to time), or the Series C Warrant. On January 22, 2020, we issued 1,064,950 Series C convertible redeemable preferred shares to Owap Investment Pte Ltd for a total consideration of US$10.0 million upon the exercise of the Series C Warrant.

Share Incentive Awards

We have granted options to purchase our ordinary shares to certain of our directors, executive officers and employees. See "Management—Share Incentive Awards."

Reverse Share Split

On January 30, 2020, we effected a reverse split of shares of all issued and unissued ordinary shares (including stock options issued or issuable) as well as issued and outstanding preferred shares, on a 2-for-1 basis. All of our share related numbers contained in this prospectus, including but not limited to the numbers of authorized, issued and outstanding shares, have retroactively reflected this reverse share split.

Shareholders Agreement

We entered into a Fifth Amended and Restated Shareholders Agreement with our shareholders on January 10, 2020. The shareholders agreement provides for certain preferential rights, including, among other things, information right, certain corporate governance rights, prohibition on transfer of shares and right of co-sale. These preferential rights will automatically terminate upon completion of this offering.

Registration Rights

Pursuant to the Fifth Amended and Restated Shareholders Agreement dated January 10, 2020, we have granted certain registration rights to holder of our preferred shares. Such registration rights would terminate upon the earlier of (i) the date that is five (5) years after the closing of an IPO, or (ii) such time at which all registrable securities held by the holders of our preferred shares may be sold without restriction under Rule 144(k) of the Securities Act within a ninety-day period. Set forth below is a description of the registration rights granted under the agreement.

Demand Registration Right. At any time after the earlier of (i) the five (5) year after the closing of Series A+ financing (i.e. August 27, 2015) or (ii) the date that is six (6) months following the taking effect of a registration statement of an IPO, holder(s) together holding ten percent (10%) or more of the outstanding registrable securities may request in writing that we file a registration statement under Securities Act covering at least fifteen percent (15%) of the registrable securities. Within twenty (20) days after receipt of such a request, we shall use our best efforts to effect a registration of the registrable securities specified in the request, together with any registrable securities of any holder who requests in writing to join such registration. We are not be obligated to effect more than three (3) such registrations pursuant to the demand registration right, and we are not obligated to register registrable securities if we have, within the six-month period preceding the date of such request, effected a registration under the Securities Act pursuant to the exercise of the holders' demand registration rights or Form F-3 registration right, or in which the holders had an opportunity to participate in a piggyback registration, unless the registrable securities of the holders were excluded from such registration. In addition, we have the right to defer filing of a registration statement for a period up to ninety (90) days after receipt of such request if, in the good faith judgment of our board of directors, the filing of a registration statement would be materially detrimental to us and our shareholders, but we cannot exercise this right more than once in any twelve-month period. Neither can we register any other of our shares during such twelve-month period.

Piggyback Registration Right. If we propose to file a registration statement under the Securities Act for purposes of effecting a public offering of our securities (including registration statements relating to secondary offerings of our securities, but excluding registration statements relating to a demand registration or a piggyback registration, or to any employee benefit plan or a corporate reorganization), we must afford holders of registrable securities an opportunity to include in that registration all or any part of their registrable securities then held.

Registration on Form F-3. Any holder of registrable securities may request us in writing to effect a registration on the Form F-3 (or an equivalent registration in a jurisdiction outside of the U.S.) and any related

qualification or compliance with respect to the registrable securities owned by such holder. Upon such request, we shall cause the registrable securities specified in the request, together with any registrable securities of any holder who requests in writing to join such registration, to be registered and effect any related qualification or compliance, provided that (i) Form F-3 is available for such offering by the holder, (ii) the registrable securities proposed to be sold to the public has an aggregate price in an amount of not less than US$500,000, and (iii) in no jurisdiction in which we would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance. We are not obligated to register registrable securities if we have, within the six-month period preceding the date of such request, effected a registration under the Securities Act, unless the registrable securities of the holders were excluded from such registration. In addition, we have the right to defer filing of the Form F-3 registration statement no more than once during any twelve-month period and for a period up to sixty (60) days after receipt of such request if, in the good faith judgment of our board of directors, the filing of a registration statement would be materially detrimental to us and our shareholders, provided that we will not register any other of our shares during such sixty-day period.

Expenses of Registration. We will pay all expenses relating to registration, fillings or qualifications, with certain limited exception, and each holder participating in a registration will bear its proportionate share of all selling expenses or other amounts payable to underwriters or brokers, if any, in connection with the offering by such holder.

DESCRIPTION OF AMERICAN DEPOSITARY SHARES

Citibank, N.A. has agreed to act as the depositary for the American Depositary Shares. Citibank's depositary offices are located at 388 Greenwich Street, New York, New York 10013. American Depositary Shares are frequently referred to as "ADSs" and represent ownership interests in securities that are on deposit with the depositary. ADSs may be represented by certificates that are commonly known as "American Depositary Receipts" or "ADRs." The depositary typically appoints a custodian to safekeep the securities on deposit. In this case, the custodian is Citibank, N.A.—Hong Kong, located at 9/F, Citi Tower, One Bay East, 83 Hon Hai Road, Kwun Tong, Kowloon, Hong Kong.

We have appointed Citibank as depositary pursuant to a deposit agreement. A copy of the deposit agreement is on file with the SEC under cover of a Registration Statement on Form F-6. You may obtain a copy of the deposit agreement from the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 and from the SEC's website (www.sec.gov). Please refer to Registration Number 333-238921 when retrieving such copy.

We are providing you with a summary description of the material terms of the ADSs and of your material rights as an owner of ADSs. Please remember that summaries by their nature lack the precision of the information summarized and that the rights and obligations of an owner of ADSs will be determined by reference to the terms of the deposit agreement and not by this summary. We urge you to review the deposit agreement in its entirety. The portions of this summary description that are italicized describe matters that may be relevant to the ownership of ADSs but that may not be contained in the deposit agreement.

Each ADS represents the right to receive, and to exercise the beneficial ownership interests in, one Class A ordinary share that is on deposit with the depositary and/or custodian. An ADS also represents the right to receive, and to exercise the beneficial interests in, any other property received by the depositary or the custodian on behalf of the owner of the ADS but that has not been distributed to the owners of ADSs because of legal restrictions or practical considerations. We and the depositary may agree to change the ADS-to-Share ratio by amending the deposit agreement. This amendment may give rise to, or change, the depositary fees payable by ADS owners. The custodian, the depositary and their respective nominees will hold all deposited property for the benefit of the holders and beneficial owners of ADSs. The deposited property does not constitute the proprietary assets of the depositary, the custodian or their nominees. Beneficial ownership in the deposited property will under the terms of the deposit agreement be vested in the beneficial owners of the ADSs. The depositary, the custodian and their respective nominees will be the record holders of the deposited property represented by the ADSs for the benefit of the holders and beneficial owners of the corresponding ADSs. A beneficial owner of ADSs may or may not be the holder of ADSs. Beneficial owners of ADSs will be able to receive, and to exercise beneficial ownership interests in, the deposited property only through the registered holders of the ADSs, the registered holders of the ADSs (on behalf of the applicable ADS owners) only through the depositary, and the depositary (on behalf of the owners of the corresponding ADSs) directly, or indirectly, through the custodian or their respective nominees, in each case upon the terms of the deposit agreement.

If you become an owner of ADSs, you will become a party to the deposit agreement and therefore will be bound to its terms and to the terms of any ADR that represents your ADSs. The deposit agreement and the ADR specify our rights and obligations as well as your rights and obligations as owner of ADSs and those of the depositary. As an ADS holder you appoint the depositary to act on your behalf in certain circumstances. The deposit agreement and the ADRs are governed by New York law. However, our obligations to the holders of Class A ordinary shares will continue to be governed by the laws of the Cayman Islands, which may be different from the laws in the United States.

In addition, applicable laws and regulations may require you to satisfy reporting requirements and obtain regulatory approvals in certain circumstances. You are solely responsible for complying with such reporting requirements and obtaining such approvals. Neither the depositary, the custodian, us or any of their or our

respective agents or affiliates shall be required to take any actions whatsoever on your behalf to satisfy such reporting requirements or obtain such regulatory approvals under applicable laws and regulations.

As an owner of ADSs, we will not treat you as one of our shareholders and you will not have direct shareholder rights. The depositary will hold on your behalf the shareholder rights attached to the Class A ordinary shares underlying your ADSs. As an owner of ADSs you will be able to exercise the shareholders rights for the Class A ordinary shares represented by your ADSs through the depositary only to the extent contemplated in the deposit agreement. To exercise any shareholder rights not contemplated in the deposit agreement you will, as an ADS owner, need to arrange for the cancellation of your ADSs and become a direct shareholder.

The manner in which you own the ADSs (e.g., in a brokerage account vs. as registered holder, or as holder of certificated vs. uncertificated ADSs) may affect your rights and obligations, and the manner in which, and extent to which, the depositary's services are made available to you. As an owner of ADSs, you may hold your ADSs either by means of an ADR registered in your name, through a brokerage or safekeeping account, or through an account established by the depositary in your name reflecting the registration of uncertificated ADSs directly on the books of the depositary (commonly referred to as the "direct registration system" or "DRS"). The direct registration system reflects the uncertificated (book-entry) registration of ownership of ADSs by the depositary. Under the direct registration system, ownership of ADSs is evidenced by periodic statements issued by the depositary to the holders of the ADSs. The direct registration system includes automated transfers between the depositary and The Depository Trust Company ("DTC"), the central book-entry clearing and settlement system for equity securities in the United States. If you decide to hold your ADSs through your brokerage or safekeeping account, you must rely on the procedures of your broker or bank to assert your rights as ADS owner. Banks and brokers typically hold securities such as the ADSs through clearing and settlement systems such as DTC. The procedures of such clearing and settlement systems may limit your ability to exercise your rights as an owner of ADSs. Please consult with your broker or bank if you have any questions concerning these limitations and procedures. All ADSs held through DTC will be registered in the name of a nominee of DTC. This summary description assumes you have opted to own the ADSs directly by means of an ADS registered in your name and, as such, we will refer to you as the "holder." When we refer to "you," we assume the reader owns ADSs and will own ADSs at the relevant time.

The registration of the Class A ordinary shares in the name of the depositary or the custodian shall, to the maximum extent permitted by applicable law, vest in the depositary or the custodian the record ownership in the applicable Class A ordinary shares with the beneficial ownership rights and interests in such Class A ordinary shares being at all times vested with the beneficial owners of the ADSs representing the Class A ordinary shares. The depositary or the custodian shall at all times be entitled to exercise the beneficial ownership rights in all deposited property, in each case only on behalf of the holders and beneficial owners of the ADSs representing the deposited property.

Dividends and Distributions

As a holder of ADSs, you generally have the right to receive the distributions we make on the securities deposited with the custodian. Your receipt of these distributions may be limited, however, by practical considerations and legal limitations. Holders of ADSs will receive such distributions under the terms of the deposit agreement in proportion to the number of ADSs held as of the specified record date, after deduction of the applicable fees, taxes and expenses.

Distributions of Cash

Whenever we make a cash distribution for the securities on deposit with the custodian, we will deposit the funds with the custodian. Upon receipt of confirmation of the deposit of the requisite funds, the depositary will arrange for the funds received in a currency other than U.S. dollars to be converted into U.S. dollars and for the distribution of the U.S. dollars to the holders, subject to the laws and regulations of the Cayman Islands.

The conversion into U.S. dollars will take place only if practicable and if the U.S. dollars are transferable to the United States. The depositary will apply the same method for distributing the proceeds of the sale of any property (such as undistributed rights) held by the custodian in respect of securities on deposit.

The distribution of cash will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. The depositary will hold any cash amounts it is unable to distribute in a non-interest bearing account for the benefit of the applicable holders and beneficial owners of ADSs until the distribution can be effected or the funds that the depositary holds must be escheated as unclaimed property in accordance with the laws of the relevant states of the United States.

Distributions of Shares

Whenever we make a free distribution of Class A ordinary shares for the securities on deposit with the custodian, we will deposit the applicable number of Class A ordinary shares with the custodian. Upon receipt of confirmation of such deposit, the depositary will either distribute to holders new ADSs representing the Class A ordinary shares deposited or modify the ADS-to-Class A ordinary shares ratio, in which case each ADS you hold will represent rights and interests in the additional Class A ordinary shares so deposited. Only whole new ADSs will be distributed. Fractional entitlements will be sold and the proceeds of such sale will be distributed as in the case of a cash distribution.

The distribution of new ADSs or the modification of the ADS-to-Class A ordinary shares ratio upon a distribution of Class A ordinary shares will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay such taxes or governmental charges, the depositary may sell all or a portion of the new Class A ordinary shares so distributed.

No such distribution of new ADSs will be made if it would violate a law (*e.g.*, the U.S. securities laws) or if it is not operationally practicable. If the depositary does not distribute new ADSs as described above, it may sell the Class A ordinary shares received upon the terms described in the deposit agreement and will distribute the proceeds of the sale as in the case of a distribution of cash.

Distributions of Rights

Whenever we intend to distribute rights to subscribe for additional Class A ordinary shares, we will give prior notice to the depositary and we will assist the depositary in determining whether it is lawful and reasonably practicable to distribute rights to subscribe for additional ADSs to holders.

The depositary will establish procedures to distribute rights to subscribe for additional ADSs to holders and to enable such holders to exercise such rights if it is lawful and reasonably practicable to make the rights available to holders of ADSs, and if we provide all of the documentation contemplated in the deposit agreement (such as opinions to address the lawfulness of the transaction). You may have to pay fees, expenses, taxes and other governmental charges to subscribe for the new ADSs upon the exercise of your rights. The depositary is not obligated to establish procedures to facilitate the distribution and exercise by holders of rights to subscribe for new Class A ordinary shares other than in the form of ADSs.

The depositary will not distribute the rights to you if:

- We do not timely request that the rights be distributed to you or we request that the rights not be distributed to you; or
- We fail to deliver satisfactory documents to the depositary; or
- It is not reasonably practicable to distribute the rights.

The depositary will sell the rights that are not exercised or not distributed if such sale is lawful and reasonably practicable. The proceeds of such sale will be distributed to holders as in the case of a cash distribution. If the depositary is unable to sell the rights, it will allow the rights to lapse.

Elective Distributions

Whenever we intend to distribute a dividend payable at the election of shareholders either in cash or in additional shares, we will give prior notice thereof to the depositary and will indicate whether we wish the elective distribution to be made available to you. In such case, we will assist the depositary in determining whether such distribution is lawful and reasonably practicable.

The depositary will make the election available to you only if it is reasonably practicable and if we have provided all of the documentation contemplated in the deposit agreement. In such case, the depositary will establish procedures to enable you to elect to receive either cash or additional ADSs, in each case as described in the deposit agreement.

If the election is not made available to you, you will receive either cash or additional ADSs, depending on what a shareholder in the Cayman Islands would receive upon failing to make an election, as more fully described in the deposit agreement.

Other Distributions

Whenever we intend to distribute property other than cash, Class A ordinary shares or rights to subscribe for additional Class A ordinary shares, we will notify the depositary in advance and will indicate whether we wish such distribution to be made to you. If so, we will assist the depositary in determining whether such distribution to holders is lawful and reasonably practicable.

If it is reasonably practicable to distribute such property to you and if we provide to the depositary all of the documentation contemplated in the deposit agreement, the depositary will distribute the property to the holders in a manner it deems practicable.

The distribution will be made net of fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay such taxes and governmental charges, the depositary may sell all or a portion of the property received.

The depositary will *not* distribute the property to you and will sell the property if:

- We do not request that the property be distributed to you or if we request that the property not be distributed to you; or
- We do not deliver satisfactory documents to the depositary; or
- The depositary determines that all or a portion of the distribution to you is not reasonably practicable.

The proceeds of such a sale will be distributed to holders as in the case of a cash distribution.

Redemption

Whenever we decide to redeem any of the securities on deposit with the custodian, we will notify the depositary in advance. If it is practicable and if we provide all of the documentation contemplated in the deposit agreement, the depositary will provide notice of the redemption to the holders.

The custodian will be instructed to surrender the shares being redeemed against payment of the applicable redemption price. The depositary will convert into U.S. dollars upon the terms of the deposit agreement the

redemption funds received in a currency other than U.S. dollars and will establish procedures to enable holders to receive the net proceeds from the redemption upon surrender of their ADSs to the depositary. You may have to pay fees, expenses, taxes and other governmental charges upon the redemption of your ADSs. If less than all ADSs are being redeemed, the ADSs to be retired will be selected by lot or on a *pro rata* basis, as the depositary may determine.

Changes Affecting Class A ordinary shares

The Class A ordinary shares held on deposit for your ADSs may change from time to time. For example, there may be a change in nominal or par value, split-up, cancellation, consolidation or any other reclassification of such Class A ordinary shares or a recapitalization, reorganization, merger, consolidation or sale of assets of the Company.

If any such change were to occur, your ADSs would, to the extent permitted by law and the deposit agreement, represent the right to receive the property received or exchanged in respect of the Class A ordinary shares held on deposit. The depositary may in such circumstances deliver new ADSs to you, amend the deposit agreement, the ADRs and the applicable Registration Statement(s) on Form F-6, call for the exchange of your existing ADSs for new ADSs and take any other actions that are appropriate to reflect as to the ADSs the change affecting the Shares. If the depositary may not lawfully distribute such property to you, the depositary may sell such property and distribute the net proceeds to you as in the case of a cash distribution.

Issuance of ADSs upon Deposit of Class A ordinary shares

Upon completion of the offering, the Class A ordinary shares being offered pursuant to the prospectus will be deposited by us with the custodian. Upon receipt of confirmation of such deposit, the depositary will issue ADSs to the underwriters named in the prospectus.

After the closing of the offer, the depositary may create ADSs on your behalf if you or your broker deposit Class A ordinary shares with the custodian. The depositary will deliver these ADSs to the person you indicate only after you pay any applicable issuance fees and any charges and taxes payable for the transfer of the Class A ordinary shares to the custodian. Your ability to deposit Class A ordinary shares and receive ADSs may be limited by U.S. and the Cayman Islands legal considerations applicable at the time of deposit.

The issuance of ADSs may be delayed until the depositary or the custodian receives confirmation that all required approvals have been given and that the Class A ordinary shares have been duly transferred to the custodian. The depositary will only issue ADSs in whole numbers.

When you make a deposit of Class A ordinary shares, you will be responsible for transferring good and valid title to the depositary. As such, you will be deemed to represent and warrant that:

- The Class A ordinary shares are duly authorized, validly issued, fully paid, non-assessable and legally obtained.
- All preemptive (and similar) rights, if any, with respect to such Class A ordinary shares have been validly waived or exercised.
- You are duly authorized to deposit the Class A ordinary shares.
- The Class A ordinary shares presented for deposit are free and clear of any lien, encumbrance, security interest, charge, mortgage or adverse claim, and are not, and the ADSs issuable upon such deposit will not be, “restricted securities” (as defined in the deposit agreement).
- The Class A ordinary shares presented for deposit have not been stripped of any rights or entitlements.

If any of the representations or warranties are incorrect in any way, we and the depositary may, at your cost and expense, take any and all actions necessary to correct the consequences of the misrepresentations.

Transfer, Combination and Split Up of ADRs

As an ADR holder, you will be entitled to transfer, combine or split up your ADRs and the ADSs evidenced thereby. For transfers of ADRs, you will have to surrender the ADRs to be transferred to the depositary and also must:

- ensure that the surrendered ADR is properly endorsed or otherwise in proper form for transfer;
- provide such proof of identity and genuineness of signatures as the depositary deems appropriate;
- provide any transfer stamps required by the State of New York or the United States; and
- pay all applicable fees, charges, expenses, taxes and other government charges payable by ADR holders pursuant to the terms of the deposit agreement, upon the transfer of ADRs.

To have your ADRs either combined or split up, you must surrender the ADRs in question to the depositary with your request to have them combined or split up, and you must pay all applicable fees, charges and expenses payable by ADR holders, pursuant to the terms of the deposit agreement, upon a combination or split up of ADRs.

Withdrawal of Class A ordinary shares Upon Cancellation of ADSs

As a holder, you will be entitled to present your ADSs to the depositary for cancellation and then receive the corresponding number of underlying Class A ordinary shares at the custodian's offices. Your ability to withdraw the Class A ordinary shares held in respect of the ADSs may be limited by U.S. and Cayman Islands law considerations applicable at the time of withdrawal. In order to withdraw the Class A ordinary shares represented by your ADSs, you will be required to pay to the depositary the fees for cancellation of ADSs and any charges and taxes payable upon the transfer of the Class A ordinary shares. You assume the risk for delivery of all funds and securities upon withdrawal. Once canceled, the ADSs will not have any rights under the deposit agreement.

If you hold ADSs registered in your name, the depositary may ask you to provide proof of identity and genuineness of any signature and such other documents as the depositary may deem appropriate before it will cancel your ADSs. The withdrawal of the Class A ordinary shares represented by your ADSs may be delayed until the depositary receives satisfactory evidence of compliance with all applicable laws and regulations. Please keep in mind that the depositary will only accept ADSs for cancellation that represent a whole number of securities on deposit.

You will have the right to withdraw the securities represented by your ADSs at any time except for:

- Temporary delays that may arise because (i) the transfer books for the Class A ordinary shares or ADSs are closed, or (ii) Class A ordinary shares are immobilized on account of a shareholders' meeting or a payment of dividends.
- Obligations to pay fees, taxes and similar charges.
- Restrictions imposed because of laws or regulations applicable to ADSs or the withdrawal of securities on deposit.

The deposit agreement may not be modified to impair your right to withdraw the securities represented by your ADSs except to comply with mandatory provisions of law.

Voting Rights

As a holder, you generally have the right under the deposit agreement to instruct the depositary to exercise the voting rights for the Class A ordinary shares represented by your ADSs. The voting rights of holders of Class A ordinary shares are described in "Description of Share Capital".

At our request, the depositary will distribute to you any notice of shareholders' meeting received from us together with information explaining how to instruct the depositary to exercise the voting rights of the securities represented by ADSs. In lieu of distributing such materials, the depositary may distribute to holders of ADSs instructions on how to retrieve such materials upon request.

If the depositary timely receives voting instructions from a holder of ADSs, it will endeavor to vote the securities (in person or by proxy) represented by the holder's ADSs as follows:

- *In the event of voting by show of hands*, the depositary will vote (or cause the custodian to vote) all Class A ordinary shares held on deposit at that time in accordance with the voting instructions received from a majority of holders of ADSs who provide timely voting instructions.
- *In the event of voting by poll*, the depositary will vote (or cause the Custodian to vote) the Class A ordinary shares held on deposit in accordance with the voting instructions received from the holders of ADSs.

Securities for which no voting instructions have been received will not be voted (except (a) as set forth above in the case voting is by show of hands, (b) in the event of voting by poll, holders of ADSs in respect of which no timely voting instructions have been received shall be deemed to have instructed the depositary to give a discretionary proxy to a person designated by us to vote the common shares represented by such holders' ADSs; provided, however, that no such discretionary proxy shall be given with respect to any matter to be voted upon as to which we inform the depositary that (i) we do not wish such proxy to be given, (ii) substantial opposition exists, or (iii) the rights of holders of common shares may be adversely affected, and (c) as otherwise contemplated in the deposit agreement). Please note that the ability of the depositary to carry out voting instructions may be limited by practical and legal limitations and the terms of the securities on deposit. We cannot assure you that you will receive voting materials in time to enable you to return voting instructions to the depositary in a timely manner.

Fees and Charges

As an ADS holder, you will be required to pay the following fees under the terms of the deposit agreement:

Service	***Fees***
• Issuance of ADSs (e.g., an issuance of ADS upon a deposit of Class A ordinary shares, upon a change in the ADS(s)-to-Shares ratio, or for any other reason), excluding ADS issuances as a result of distributions of Class A ordinary shares	Up to U.S. 5¢ per ADS issued
• Cancellation of ADSs (e.g., a cancellation of ADSs for delivery of deposited property, upon a change in the ADS(s)-to-Shares ratio, or for any other reason)	Up to U.S. 5¢ per ADS cancelled
• Distribution of cash dividends or other cash distributions (e.g., upon a sale of rights and other entitlements)	Up to U.S. 5¢ per ADS held
• Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADSs	Up to U.S. 5¢ per ADS held
• Distribution of securities other than ADSs or rights to purchase additional ADSs (e.g., upon a spin-off)	Up to U.S. 5¢ per ADS held
• ADS Services	Up to U.S. 5¢ per ADS held on the applicable record date(s) established by the depositary

• Registration of ADS transfers (e.g., upon a registration of the transfer of registered ownership of ADSs, upon a transfer of ADSs into DTC and *vice versa*, or for any other reason)	Up to U.S. 5¢ per ADS (or fraction thereof) transferred
• Conversion of ADSs of one series for ADSs of another series (e.g., upon conversion of Partial Entitlement ADSs for Full Entitlement ADSs, or upon conversion of Restricted ADSs (each as defined in the Deposit Agreement) into freely transferable ADSs, and *vice versa*).	Up to U.S. 5¢ per ADS (or fraction thereof) converted

As an ADS holder you will also be responsible to pay certain charges such as:

- taxes (including applicable interest and penalties) and other governmental charges;
- the registration fees as may from time to time be in effect for the registration of Class A ordinary shares on the share register and applicable to transfers of Class A ordinary shares to or from the name of the custodian, the depositary or any nominees upon the making of deposits and withdrawals, respectively;
- certain cable, telex and facsimile transmission and delivery expenses;
- the fees, expenses, spreads, taxes and other charges of the depositary and/or service providers (which may be a division, branch or affiliate of the depositary) in the conversion of foreign currency;
- the reasonable and customary out-of-pocket expenses incurred by the depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to Class A ordinary shares, ADSs and ADRs; and
- the fees, charges, costs and expenses incurred by the depositary, the custodian, or any nominee in connection with the ADR program.

ADS fees and charges for (i) the issuance of ADSs, and (ii) the cancellation of ADSs are charged to the person for whom the ADSs are issued (in the case of ADS issuances) and to the person for whom ADSs are cancelled (in the case of ADS cancellations). In the case of ADSs issued by the depositary into DTC, the ADS issuance and cancellation fees and charges may be deducted from distributions made through DTC, and may be charged to the DTC participant(s) receiving the ADSs being issued or the DTC participant(s) holding the ADSs being cancelled, as the case may be, on behalf of the beneficial owner(s) and will be charged by the DTC participant(s) to the account of the applicable beneficial owner(s) in accordance with the procedures and practices of the DTC participants as in effect at the time. ADS fees and charges in respect of distributions and the ADS service fee are charged to the holders as of the applicable ADS record date. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, holders as of the ADS record date will be invoiced for the amount of the ADS fees and charges and such ADS fees and charges may be deducted from distributions made to holders of ADSs. For ADSs held through DTC, the ADS fees and charges for distributions other than cash and the ADS service fee may be deducted from distributions made through DTC, and may be charged to the DTC participants in accordance with the procedures and practices prescribed by DTC and the DTC participants in turn charge the amount of such ADS fees and charges to the beneficial owners for whom they hold ADSs. In the case of (i) registration of ADS transfers, the ADS transfer fee will be payable by the ADS Holder whose ADSs are being transferred or by the person to whom the ADSs are transferred, and (ii) conversion of ADSs of one series for ADSs of another series, the ADS conversion fee will be payable by the Holder whose ADSs are converted or by the person to whom the converted ADSs are delivered.

In the event of refusal to pay the depositary fees, the depositary may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary fees

from any distribution to be made to the ADS holder. Certain depositary fees and charges (such as the ADS services fee) may become payable shortly after the closing of the ADS offering. Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary. You will receive prior notice of such changes. The depositary may reimburse us for certain expenses incurred by us in respect of the ADR program, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary agree from time to time.

Amendments and Termination

We may agree with the depositary to modify the deposit agreement at any time without your consent. We undertake to give holders 30 days' prior notice of any modifications that would materially prejudice any of their substantial rights under the deposit agreement. We will not consider to be materially prejudicial to your substantial rights any modifications or supplements that are reasonably necessary for the ADSs to be registered under the Securities Act or to be eligible for book-entry settlement, in each case without imposing or increasing the fees and charges you are required to pay. In addition, we may not be able to provide you with prior notice of any modifications or supplements that are required to accommodate compliance with applicable provisions of law.

You will be bound by the modifications to the deposit agreement if you continue to hold your ADSs after the modifications to the deposit agreement become effective. The deposit agreement cannot be amended to prevent you from withdrawing the Class A ordinary shares represented by your ADSs (except as permitted by law).

We have the right to direct the depositary to terminate the deposit agreement. Similarly, the depositary may in certain circumstances on its own initiative terminate the deposit agreement. In either case, the depositary must give notice to the holders at least 30 days before termination. Until termination, your rights under the deposit agreement will be unaffected.

After termination, the depositary will continue to collect distributions received (but will not distribute any such property until you request the cancellation of your ADSs) and may sell the securities held on deposit. After the sale, the depositary will hold the proceeds from such sale and any other funds then held for the holders of ADSs in a non-interest bearing account. At that point, the depositary will have no further obligations to holders other than to account for the funds then held for the holders of ADSs still outstanding (after deduction of applicable fees, taxes and expenses).

In connection with any termination of the deposit agreement, the depositary may make available to owners of ADSs a means to withdraw the Class A ordinary shares represented by ADSs and to direct the depositary of such Class A ordinary shares into an unsponsored American depositary share program established by the depositary. The ability to receive unsponsored American depositary shares upon termination of the deposit agreement would be subject to satisfaction of certain U.S. regulatory requirements applicable to the creation of unsponsored American depositary shares and the payment of applicable depositary fees.

Books of Depositary

The depositary will maintain ADS holder records at its depositary office. You may inspect such records at such office during regular business hours but solely for the purpose of communicating with other holders in the interest of business matters relating to the ADSs and the deposit agreement.

The depositary will maintain in New York facilities to record and process the issuance, cancellation, combination, split-up and transfer of ADSs. These facilities may be closed from time to time, to the extent not prohibited by law.

Limitations on Obligations and Liabilities

The deposit agreement limits our obligations and the depositary's obligations to you. Please note the following:

- We and the depositary are obligated only to take the actions specifically stated in the deposit agreement without negligence or bad faith.
- The depositary disclaims any liability for any failure to carry out voting instructions, for any manner in which a vote is cast or for the effect of any vote, provided it acts in good faith and in accordance with the terms of the deposit agreement.
- The depositary disclaims any liability for any failure to determine the lawfulness or practicality of any action, for the content of any document forwarded to you on our behalf or for the accuracy of any translation of such a document, for the investment risks associated with investing in Class A ordinary shares, for the validity or worth of the Class A ordinary shares, for any tax consequences that result from the ownership of ADSs, for the credit-worthiness of any third party, for allowing any rights to lapse under the terms of the deposit agreement, for the timeliness of any of our notices or for our failure to give notice.
- We and the depositary will not be obligated to perform any act that is inconsistent with the terms of the deposit agreement.
- We and the depositary disclaim any liability if we or the depositary are prevented or forbidden from or subject to any civil or criminal penalty or restraint on account of, or delayed in, doing or performing any act or thing required by the terms of the deposit agreement, by reason of any provision, present or future of any law or regulation, or by reason of present or future provision of any provision of our Articles of Association, or any provision of or governing the securities on deposit, or by reason of any act of God or war or other circumstances beyond our control.
- We and the depositary disclaim any liability by reason of any exercise of, or failure to exercise, any discretion provided for in the deposit agreement or in our Articles of Association or in any provisions of or governing the securities on deposit.
- We and the depositary further disclaim any liability for any action or inaction in reliance on the advice or information received from legal counsel, accountants, any person presenting Shares for deposit, any holder of ADSs or authorized representatives thereof, or any other person believed by either of us in good faith to be competent to give such advice or information.
- We and the depositary also disclaim liability for the inability by a holder to benefit from any distribution, offering, right or other benefit that is made available to holders of Class A ordinary shares but is not, under the terms of the deposit agreement, made available to you.
- We and the depositary may rely without any liability upon any written notice, request or other document believed to be genuine and to have been signed or presented by the proper parties.
- We and the depositary also disclaim liability for any consequential or punitive damages for any breach of the terms of the deposit agreement.
- No disclaimer of any Securities Act liability is intended by any provision of the deposit agreement.
- Nothing in the deposit agreement gives rise to a partnership or joint venture, or establishes a fiduciary relationship, among us, the depositary and you as ADS holder.
- Nothing in the deposit agreement precludes Citibank (or its affiliates) from engaging in transactions in which parties adverse to us or the ADS owners have interests, and nothing in the deposit agreement obligates Citibank to disclose those transactions, or any information obtained in the course of those transactions, to us or to the ADS owners, or to account for any payment received as part of those transactions.

Taxes

You will be responsible for the taxes and other governmental charges payable on the ADSs and the securities represented by the ADSs. We, the depositary and the custodian may deduct from any distribution the taxes and governmental charges payable by holders and may sell any and all property on deposit to pay the taxes and governmental charges payable by holders. You will be liable for any deficiency if the sale proceeds do not cover the taxes that are due.

The depositary may refuse to issue ADSs, to deliver, transfer, split and combine ADRs or to release securities on deposit until all taxes and charges are paid by the applicable holder. The depositary and the custodian may take reasonable administrative actions to obtain tax refunds and reduced tax withholding for any distributions on your behalf. However, you may be required to provide to the depositary and to the custodian proof of taxpayer status and residence and such other information as the depositary and the custodian may require to fulfill legal obligations. You are required to indemnify us, the depositary and the custodian for any claims with respect to taxes based on any tax benefit obtained for you.

Foreign Currency Conversion

The depositary will arrange for the conversion of all foreign currency received into U.S. dollars if such conversion is practical, and it will distribute the U.S. dollars in accordance with the terms of the deposit agreement. You may have to pay fees and expenses incurred in converting foreign currency, such as fees and expenses incurred in complying with currency exchange controls and other governmental requirements.

If the conversion of foreign currency is not practical or lawful, or if any required approvals are denied or not obtainable at a reasonable cost or within a reasonable period, the depositary may take the following actions in its discretion:

- Convert the foreign currency to the extent practical and lawful and distribute the U.S. dollars to the holders for whom the conversion and distribution is lawful and practical.
- Distribute the foreign currency to holders for whom the distribution is lawful and practical.
- Hold the foreign currency (without liability for interest) for the applicable holders.

Governing Law/Waiver of Jury Trial

The deposit agreement, the ADRs and the ADSs will be interpreted in accordance with the laws of the State of New York. The rights of holders of Class A ordinary shares (including Class A ordinary shares represented by ADSs) are governed by the laws of the Cayman Islands.

As an owner of ADSs, you irrevocably agree that any legal action arising out of the Deposit Agreement, the ADSs or the ADRs, involving the Company or the Depositary, may only be instituted in a state or federal court in the city of New York.

AS A PARTY TO THE DEPOSIT AGREEMENT, YOU IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, YOUR RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF THE DEPOSIT AGREEMENT OR THE ADRs AGAINST US AND/OR THE DEPOSITARY.

The deposit agreement provides that, to the extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depositary arising out of or relating to our Class A ordinary shares, the ADSs or the deposit agreement, including any claim under U.S. federal securities laws. If we or the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver

was enforceable in the facts and circumstances of that case in accordance with applicable case law. However, you will not be deemed, by agreeing to the terms of the deposit agreement, to have waived our or the depositary's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder.

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering and the concurrent private placement, 13,500,000 ADSs will be outstanding, representing approximately 13.2% of our outstanding ordinary shares, assuming we issue and sell 1,724,138 Class A ordinary shares in the concurrent private placement at the assumed initial public offering price of US$14.50 per ADSs, the midpoint of the estimated range of the initial public offering price, and the underwriters do not exercise their over-allotment option. 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 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 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.

Lock-up Agreements

We have agreed, for a period of 180 days after the date of this prospectus, not to offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale, lend or otherwise dispose of, except in this offering, any of our ordinary shares or ADSs or securities that are substantially similar to our ordinary shares or ADSs, including but not limited to any options or warrants to purchase our ordinary shares, ADSs or any securities that are convertible into or exchangeable for, or that represent the right to receive, our ordinary shares, ADSs or any such substantially similar securities (other than pursuant to employee stock option plans existing on, or upon the conversion or exchange of convertible or exchangeable securities outstanding as of, the date such lock-up agreement was executed), without the prior written consent of the representatives of the underwriters.

Furthermore, each of our officers, directors and shareholders, and the concurrent private placement investor, 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, the ADSs and securities that are substantially similar to our ordinary shares or the ADSs. These parties collectively own all of our outstanding ordinary shares, without giving effect to this offering.

The restrictions described in the preceding paragraphs will be automatically extended under certain circumstances. See "Underwriting."

Other than this offering, we are not aware of any plans by any significant shareholders to dispose of significant numbers of ADSs or ordinary shares. However, one or more existing shareholders or owners of securities convertible or exchangeable into or exercisable for ADSs or ordinary shares may dispose of significant numbers of our ADSs or ordinary shares in the future. We cannot predict what effect, if any, future sales of our ADSs or ordinary shares, or the availability of ADSs or ordinary shares for future sale, will have on the trading price of our ADSs from time to time. Sales of substantial amounts of ADSs or ordinary shares in the public market, or the perception that these sales could occur, could adversely affect the trading price of our ADSs.

Rule 144

All of our ordinary shares that will be outstanding upon completion of this offering, other than those ordinary shares sold in this offering, are "restricted securities" as that term is defined in Rule 144 under the Securities Act and may be sold publicly in the U.S. only if they are subject to an effective registration statement under the Securities Act or pursuant to an exemption from the registration requirement such as those provided by Rule 144 and Rule 701 promulgated under the Securities Act. In general, beginning 90 days after the date of this prospectus, a person (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, represented by ADSs or otherwise, which immediately after this offering and the concurrent private placement will equal 1,019,885 ordinary shares, assuming the underwriters do not exercise their over-allotment option and assuming we issue and sell 1,724,138 Class A ordinary shares in the concurrent private placement at the assumed initial public offering price of US$14.50 per ADS, the midpoint of the estimated range of the initial public offering price; or
- the average weekly trading volume of our ordinary shares of the same class, represented by ADSs or otherwise, during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC.

Sales by our affiliates under Rule 144 are also subject to certain requirements relating to manner of sale, notice and the availability of current public information about us.

Rule 701

In general, under Rule 701 of the Securities Act as currently in effect, each of our employees, consultants or advisors who purchases our ordinary shares from us in connection with a compensatory stock plan or other written agreement executed prior to the completion of this offering is eligible to resell those ordinary shares in reliance on Rule 144, but without compliance with some of the restrictions, including the holding period, contained in Rule 144. 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.

Form S-8

We intend to file a registration statement on Form S-8 under the Securities Act covering all ordinary shares which are either subject to outstanding equity incentive awards granted prior to this offering or that may be issued pursuant to equity awards which may be granted in future under our Share Option Plan. We expect to file the registration statement on Form S-8 as soon as practicable after the date of this prospectus. Shares registered on Form S-8 generally may be sold in the open market, except to the extent that the shares are subject to vesting restrictions or lock-up or other contractual restrictions.

TAXATION

The following summary of the material Cayman Islands, PRC and U.S. federal income tax consequences of an investment in ADSs or Class A ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this registration statement, all of which are subject to change. This summary does not deal with all possible tax consequences relating to an investment in ADSs or Class A ordinary shares, such as the tax consequences under U.S. state and local tax laws or under the tax laws of jurisdictions other than the Cayman Islands, China and the U.S.

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. There are no other taxes 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 brought within the jurisdiction of, the Cayman Islands. The Cayman Islands is not party to any double tax treaties that 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 ADSs or ordinary shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of ADSs or ordinary shares, nor will gains derived from the disposal of ADSs or ordinary shares be subject to Cayman Islands income or corporation tax.

No stamp duty is payable in respect of the issue of ADSs or ordinary shares or on an instrument of transfer in respect of ADSs or ordinary shares.

PRC Taxation

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside China with a “de facto management body” within China is considered as a resident enterprise. The implementation rules define the term “de facto management body” as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. In April 2009, the SAT issued the Circular Regarding the Determination of Chinese-Controlled Overseas Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, known as Circular 82, which provides certain specific criteria for determining whether the “de facto management body” of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the SAT’s general position on how the “de facto management body” test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its “de facto management body” in China only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in China; (ii) decisions relating to the enterprise’s financial and human resource matters are made or are subject to approval by organizations or personnel in China; (iii) the enterprise’s primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in China; and (iv) at least 50% of voting board members or senior executives habitually reside in China. In 2011, the SAT issued the Administrative Measures for Enterprise Income Tax of Chinese-Controlled Overseas Incorporated Resident Enterprises (Trial Version), or Bulletin No. 45, which further clarifies certain issues related to the determination of tax resident status and competent tax authorities. It also specifies that when provided with a copy of Recognition of Residential Status from a resident Chinese-controlled offshore-incorporated enterprise, a payer does not need to withhold income tax when paying certain PRC-sourced income such as dividends, interest and royalties to such Chinese-controlled offshore-incorporated enterprise.

We believe that we are not a PRC resident enterprise for PRC tax purposes. We are not controlled by a PRC enterprise or PRC enterprise group and we do not believe that we meet all of the conditions above. We are a company incorporated outside China and our records (including the minutes and resolutions of our board of directors and the resolutions of our shareholders) are maintained outside China. 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% withholding tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of our ADSs. In addition, non-resident enterprise shareholders (including our ADS holders) may be subject to a 10% PRC tax on gains realized on the sale or other disposition of ADSs or Class A ordinary shares, if such income is treated as sourced from within China. It is unclear whether our non-PRC individual shareholders (including our ADS holders) would be subject to any PRC tax on dividends or gains obtained by such non-PRC individual shareholders in the event we are determined to be a PRC resident enterprise. If any PRC tax were to apply to such dividends or gains, it would generally apply at a rate of 20% unless a reduced rate is available under an applicable tax treaty. However, it is also unclear whether our non-PRC shareholders would be able to claim the benefits of any tax treaties between their country of tax residence and China in the event that we are treated as a PRC resident enterprise. See "Risk Factors—Risks Relating to Doing Business in the PRC—You may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of our ADSs."

United States Federal Income Tax Considerations

The following is a summary of material U.S. federal income tax considerations that are likely to be relevant to the purchase, ownership and disposition of our Class A ordinary shares or ADSs by a U.S. Holder (as defined below).

This summary is based on provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and regulations, rulings and judicial interpretations thereof, in force as of the date hereof. Those authorities may be changed at any time, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those summarized below.

This summary is not a comprehensive discussion of all of the tax considerations that may be relevant to a particular investor's decision to purchase, hold, or dispose of Class A ordinary shares or ADSs. In particular, this summary is directed only to U.S. Holders that hold Class A ordinary shares or ADSs as capital assets and does not address particular tax consequences that may be applicable to U.S. Holders who may be subject to special tax rules, such as banks, brokers or dealers in securities or currencies, traders in securities electing to mark to market, financial institutions, insurance companies, tax-exempt entities, regulated investment companies, entities or arrangements that are treated as partnerships for U.S. federal income tax purposes (or the partners therein), holders that own or are treated as owning 10% or more of our stock by vote or value, persons holding Class A ordinary shares or ADSs as part of a hedging or conversion transaction or a straddle, or persons whose functional currency is not the U.S. dollar. Moreover, this summary does not address state, local or foreign taxes, the U.S. federal estate and gift taxes, or the Medicare contribution tax applicable to net investment income of certain non-corporate U.S. Holders, or alternative minimum tax consequences of acquiring, holding or disposing of Class A ordinary shares or ADSs.

For purposes of this summary, a "U.S. Holder" is a beneficial owner of Class A ordinary shares or ADSs that is a citizen or resident of the U.S. or a U.S. domestic corporation or that otherwise is subject to U.S. federal income taxation on a net income basis in respect of such Class A ordinary shares or ADSs.

You should consult your own tax advisors about the consequences of the acquisition, ownership and disposition of the Class A ordinary shares or ADSs, including the relevance to your particular situation of the considerations discussed below and any consequences arising under foreign, state, local or other tax laws.

ADSs

In general, if you are a U.S. Holder of ADSs, you will be treated, for U.S. federal income tax purposes, as the beneficial owner of the underlying Class A ordinary shares that are represented by those ADSs. References to "shares" below apply to both Class A ordinary shares and ADSs, unless the context indicates otherwise.

Taxation of Dividends

As discussed in "*Dividend Policy*," we do not have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future after this offering. Subject to the discussion below under "Passive Foreign Investment Company Rules," the gross amount of any distribution of cash or property with respect to our shares (including amounts, if any, withheld in respect of PRC taxes) that is paid out of our current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) will generally be includible in your taxable income as ordinary dividend income on the day on which you receive the dividend, in the case of Class A ordinary shares, or the date the depositary receives the dividends, in the case of ADSs, and will not be eligible for the dividends-received deduction allowed to U.S. corporations under the Code.

We do not expect to maintain calculations of our earnings and profits in accordance with U.S. federal income tax principles. U.S. Holders therefore should expect that distributions generally will be treated as dividends for U.S. federal income tax purposes.

Subject to certain exceptions for short-term positions, the U.S. dollar amount of dividends received by a non-corporate U.S. Holder with respect to the shares will be subject to taxation at a preferential rate if the dividends are "qualified dividends." Dividends paid on shares will be treated as qualified dividends if:

- the shares are readily tradable on an established securities market in the U.S. or we are eligible for the benefits of a comprehensive tax treaty with the U.S. that the U.S. Treasury determines is satisfactory for purposes of this provision and that includes an exchange of information program; and
- we were not, in the year prior to the year in which the dividend was paid, and are not, in the year in which the dividend is paid, a passive foreign investment company (a "PFIC").

The ADSs will be listed on the NASDAQ Global Market, and will qualify as readily tradable on an established securities market in the U.S. so long as they are so listed. Based on our financial statements, the manner in which we conduct our business, relevant market data and our current expectations regarding the value and nature of our assets and the sources and nature of our income, we do not anticipate being a PFIC for our current taxable year or in the foreseeable future. Holders should consult their own tax advisors regarding the availability of the reduced dividend tax rate in light of their own particular circumstances.

Because the Class A ordinary shares are not themselves listed on a U.S. exchange, dividends received with respect to shares that are not represented by ADSs may not be treated as qualified dividends. U.S. Holders should consult their own tax advisors regarding the potential availability of the reduced dividend tax rate in respect of shares.

In the event that we are deemed to be a PRC resident enterprise under the PRC Enterprise Income Tax Law (see "Taxation—PRC Taxation"), a U.S. Holder may be subject to PRC withholding taxes on dividends paid on our shares. In that case, we may, however, be eligible for the benefits of the Agreement Between the Government of the United States of America and the Government of the People's Republic of China for the Avoidance of Double Taxation and the Prevention of Tax Evasion with Respect to Taxes on Income (the "Treaty"). If we are eligible for such benefits, dividends we pay on shares would be eligible for the reduced rates of taxation described above (assuming we are not a PFIC in the year the dividend is paid or the prior year).

Dividend distributions with respect to our shares generally will be treated as "passive category" income from sources outside the U.S. for purposes of determining a U.S. Holder's U.S. foreign tax credit limitation.

Subject to the limitations and conditions provided in the Code and the applicable U.S. Treasury Regulations, a U.S. Holder may be able to claim a foreign tax credit against its U.S. federal income tax liability in respect of any PRC income taxes withheld at the appropriate rate applicable to the U.S. Holder from a dividend paid to such U.S. Holder. Alternatively, the U.S. Holder may deduct such PRC income taxes from its U.S. federal taxable income, provided that the U.S. Holder elects to deduct rather than credit all foreign income taxes for the relevant taxable year. The rules with respect to foreign tax credits are complex and involve the application of rules that depend on a U.S. Holder's particular circumstances. Accordingly, U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

U.S. Holders that receive distributions of additional shares or rights to subscribe for shares as part of a pro rata distribution to all our shareholders generally will not be subject to U.S. federal income tax in respect of the distributions, unless the U.S. Holder has the right to receive cash or property, in which case the U.S. Holder will be treated as if it received cash equal to the fair market value of the distribution.

Taxation of Dispositions of Shares

Subject to the discussion below under "Passive Foreign Investment Company Rules," upon a sale, exchange or other taxable disposition of the shares, U.S. Holders will realize gain or loss for U.S. federal income tax purposes in an amount equal to the difference between the amount realized on the disposition and the U.S. Holder's adjusted tax basis in the shares, both as determined in U.S. dollars. Such gain or loss will be capital gain or loss, and will generally be long-term capital gain or loss if the shares have been held for more than one year. Long-term capital gain realized by a non-corporate U.S. Holder is subject to taxation at a preferential rate. The deductibility of capital losses is subject to limitations.

Gain, if any, realized by a U.S. Holder on the sale or other disposition of the shares generally will be treated as U.S.- source income for U.S. foreign tax credit purposes. Consequently, if a PRC tax is imposed on the sale or disposition of the shares (see "Taxation—PRC Taxation"), a U.S. Holder that does not receive significant foreign source income from other sources may not be able to derive effective U.S. foreign tax credit benefits in respect of such PRC tax. However, in the event that gain from the disposition of the shares is subject to tax in the PRC, and a U.S. Holder is eligible for the benefits of the Treaty, such U.S. Holder may elect to treat such gain as PRC source gain under the Treaty. U.S. Holders should consult their own tax advisors regarding the application of the foreign tax credit rules to their investment in, and disposition of, the shares.

Deposits and withdrawals of Class A ordinary shares by U.S. Holders in exchange for ADSs will not result in the realization of gain or loss for U.S. federal income tax purposes.

Passive Foreign Investment Company Rules

Special U.S. tax rules apply to companies that are considered to be PFICs. We will be classified as a PFIC in a particular taxable year if, either

- 75 percent or more of our gross income for the taxable year is passive income; or
- the average percentage of the value of our assets (based on an average of the quarterly values) that produce or are held for the production of passive income is at least 50 percent (the "asset test").

For this purpose, passive income generally includes dividends, interest, gains from certain commodities transactions, rents, royalties and the excess of gains over losses from the disposition of assets that produce passive income. If we own at least 25% (by value) of the stock of another corporation, for purposes of determining whether we are a PFIC, we will be treated as owning our proportionate share of the other corporation's assets and receiving our proportionate share of the other corporation's income. Although the law in this regard is not entirely clear, we treat our VIE as being owned by us for U.S. federal income tax purposes because we control its management decisions and are entitled to substantially all of the economic benefits associated with it.

Based on our financial statements, the manner in which we conduct our business, relevant market data and our current expectations regarding the value and nature of our assets and the sources and nature of our income, we do not anticipate being a PFIC for our current taxable year or in the foreseeable future. However, because the PFIC tests must be applied each year, and the composition of our income and assets and the value of our assets may change, and because the treatment of our VIE for U.S. federal income tax purposes is not entirely clear, it is possible that we may be a PFIC in the current or a future taxable year. In particular, because the value of our assets for purposes of the asset test may be determined by reference to the market price of our ADSs, fluctuations in the market price of our ADSs may cause us to become a PFIC for the current or subsequent taxable years. The determination of whether we are a PFIC also may be affected by how, and how quickly, we use our liquid assets and the cash raised in this offering. If we do not deploy significant amounts of cash for active purposes, our risk of being a PFIC may increase.

If we are classified as a PFIC for any taxable year during which a U.S. Holder holds shares and such U.S. Holder does not make the election described below, such U.S. Holder will be subject to a special tax at ordinary income tax rates on "excess distributions" (generally, any distributions that a U.S. Holder receives in a taxable year that are greater than 125 percent of the average annual distributions that such U.S. Holder has received in the preceding three taxable years, or its holding period, if shorter), as well as any gain that such U.S. Holder recognizes on the sale or other disposition of its shares. Under these rules (a) the excess distribution or gain will be allocated ratably over the U.S. Holder's holding period for the shares, (b) the amount allocated to the current taxable year and any taxable year prior to the first taxable year in which we are a PFIC will be taxed as ordinary income, and (c) the amount allocated to each of the other taxable years will be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed deferral benefit will be imposed with respect to the resulting tax attributable to each such other taxable year.

Classification as a PFIC may also have other adverse tax consequences, including, in the case of individuals, the denial of a step-up in the basis of shares at death.

If we are a PFIC and we have any direct, and in certain circumstances, indirect subsidiaries that are PFICs (each a "Subsidiary PFIC"), a U.S. Holder will be treated as owning its pro rata share of the stock of each such Subsidiary PFIC and will be subject to the PFIC rules with respect to each such Subsidiary PFIC.

A U.S. Holder may be able to avoid the unfavorable rules described above by electing to mark its ADSs to market, provided the ADSs are considered "marketable." The ADSs will be marketable if they are regularly traded on one of certain qualifying stock exchanges, including the NASDAQ Global Market. It should be noted that only the ADSs and not the Class A ordinary shares will be listed on NASDAQ Global Market. Consequently, a U.S. Holder that holds Class A ordinary shares that are not represented by ADSs may not be eligible to make a mark-to-market election. Shares will be considered to be regularly traded (i) during the current calendar year, if they are traded, other than in *de minimis* quantities, on at least 1/6 of the days remaining in the quarter in which the offering occurs, and on at least 15 days during each remaining quarter of the calendar year; and (ii) during any other calendar year, if they are traded, other than in *de minimis* quantities, on at least 15 days during each calendar quarter.

If the U.S. Holder makes a mark-to-market election with respect to its ADSs, the holder will be required in any year in which we are a PFIC to include as ordinary income the excess of the fair market value of its ADSs at year-end over the holder's basis in those ADSs. If at the end of the U.S. Holder's taxable year for a year in which we were a PFIC, the holder's basis in the ADSs exceeds their fair market value, the holder will be entitled to deduct the excess as an ordinary loss, but only to the extent of the holder's net mark-to-market gains from previous years. The holder's adjusted tax basis in the ADSs will be adjusted to reflect any income or loss recognized under these rules. In addition, any gain the U.S. Holder recognizes upon the sale or other disposition of its ADSs in a year in which we were a PFIC will be taxed as ordinary income in the year of sale and any loss will be treated as an ordinary loss to the extent of the U.S. Holder's net mark-to-market gains from previous

years. However, a U.S. Holder will not be able to make a mark-to-market election with respect to the stock of any Subsidiary PFIC. Therefore, if we are a PFIC, the mark-to-market election will not be available to mitigate the adverse tax consequences attributable to any Subsidiary PFIC.

Once made, the election cannot be revoked without the consent of the IRS unless the shares cease to be marketable.

The unfavorable rules described above may also be avoided if a U.S. Holder is eligible for and makes a valid qualified electing fund election, or QEF election. If a QEF election is made, such U.S. Holder generally will be required to include in income on a current basis its pro rata share of the PFIC's ordinary income and net capital gains, regardless of whether or not such earnings and gains are actually distributed to such U.S. Holder. We do not intend, however, to prepare or provide the information that would enable U.S. Holders to make QEF elections.

A U.S. Holder that owns an equity interest in a PFIC generally must annually file IRS Form 8621, and may be required to file other IRS forms. A failure to file one or more of these forms as required may toll the running of the statute of limitations in respect of each of the holder's taxable years for which such form is required to be filed. As a result, the taxable years with respect to which the U.S. Holder fails to file the form may remain open to assessment by the IRS indefinitely, until the form is filed.

You should consult your own tax advisor regarding the U.S. federal income tax considerations discussed above and the desirability of making a mark-to-market election.

Foreign Financial Asset Reporting

Certain U.S. Holders that own specified foreign financial assets with an aggregate value in excess of U.S.$50,000 on the last day of the taxable year or $75,000 at any time during the taxable year are generally required to file an information statement along with their tax returns, currently on Form 8938, with respect to such assets. Specified foreign financial assets include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer that are not held in accounts maintained by financial institutions. The understatement of income attributable to "specified foreign financial assets" in excess of U.S.$5,000 extends the statute of limitations with respect to the tax return to six years after the return was filed. U.S. Holders who fail to report the required information could be subject to substantial penalties. Prospective investors are encouraged to consult with their own tax advisors regarding the possible application of these rules, including the application of the rules to their particular circumstances.

Backup Withholding and Information Reporting

Dividends paid on shares to a U.S. Holder and proceeds from the sale or other disposition of the shares by a U.S. Holder generally may be subject to the information reporting requirements of the Code and may be subject to backup withholding unless the U.S. Holder provides an accurate taxpayer identification number and makes any other required certification or otherwise establishes an exemption. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a refund or credit against the U.S. Holder's U.S. federal income tax liability, provided the required information is furnished to the IRS in a timely manner.

A holder that is not a U.S. Holder may be required to comply with certification and identification procedures in order to establish its exemption from information reporting and backup withholding.

UNDERWRITING

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, BofA Securities, Inc. and Cowen and Company, LLC are acting as 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	
BofA Securities, Inc.	
Cowen and Company, LLC	
CMB International Capital Limited	
Tiger Brokers (NZ) Limited	
Total	

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, severally and not jointly, 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 the ADSs directly to the public at the public offering price listed on the cover page of this prospectus and part to certain dealers. 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 2,025,000 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 sets forth 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 2,025,000 ADSs.

		Total	
	Per ADS	No Exercise	Full Exercise
Public offering price	US$	US$	US$
Underwriting discounts and commissions to be paid by us	US$	US$	US$
Proceeds, before expenses, to us	US$	US$	US$

The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately US$3.9 million.

Concurrently with, and subject to, the completion of this offering, Lake Bleu Prime Healthcare Master Fund Limited has agreed to purchase from us US$25 million in Class A ordinary shares at a price per share equal to the initial public offering price. Assuming an initial offering price of US$14.50 per ADS, the mid-point of the estimated range of the initial public offering price, such investor will purchase 1,724,138 Class A ordinary shares from us. Our proposed issuance and sale of Class A ordinary shares to such investor is being made through private placement pursuant to an exemption from registration with the U.S. Securities and Exchange Commission under Regulation S of the Securities Act. Under the subscription agreement executed on June 5, 2020, the completion of this offering is the only substantive closing condition precedent for the concurrent private placements and if this offering is completed, the concurrent private placements will be completed concurrently. The investor has agreed with the underwriters not to, directly or indirectly, sell, transfer or dispose of any ordinary shares acquired in the concurrent private placement for a period of 180 days after the date of this prospectus, subject to certain exceptions.

Several existing shareholders and their affiliates have indicated an interest in purchasing up to an aggregate of US$79 million of ADSs in this offering at the initial public offering price and on the same terms as the other ADSs being offered. However, because such indications of interest are not binding agreements or commitments to purchase, we and the underwriters are currently under no obligation to sell ADSs to any of these existing shareholders or their affiliates and these existing shareholders and their affiliates could determine to purchase more, fewer or no ADSs in this offering.

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.

Some of the underwriters are expected to make offers and sales both inside and outside the U.S. through their respective selling agents. Any offers or sales in the U.S. will be conducted by broker-dealers registered with the SEC. CMB International Capital Limited is not a broker-dealer registered with the SEC and may not make sales in the United States or to U.S. persons. CMB International Capital Limited has agreed that it does not intend to and will not offer or sell any of the ADSs in the United States or to U.S. persons in connection with this offering. Tiger Broker (NZ) Limited is not a broker-dealer registered with the SEC and, to the extent that its conduct may be deemed to involve participation in offers or sales of ADSs in the United States, those offers or sales will be made through one or more SEC-registered broker-dealers in compliance with applicable laws and regulations.

The address of Morgan Stanley & Co. LLC is 1585 Broadway, New York, NY 10036, United States of America. The address of BofA Securities, Inc. is One Bryant Park, New York, NY 10036, United States of America. The address of Cowen and Company, LLC is 599 Lexington Avenue, New York, NY 10022, United States of America. The address of CMB International Capital Limited is 45F, Champion Tower, 3 Garden Road, Central, Hong Kong. The address of Tiger Brokers (NZ) Limited is Level 16, 191 Queen Street, Auckland Central, New Zealand, 1010.

We have applied to list the ADSs on the NASDAQ Global Market under the trading symbol “BNR.”

We, all directors and officers, the holders of all of our outstanding shares and the concurrent private placement investor have agreed that, without the prior written consent of the representatives, we and they will not, during the period ending 180 days after the date of this prospectus, or the restricted period:

- 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 or ADSs or any securities convertible into or exercisable or exchangeable for ordinary shares or ADSs;

- file any registration statement with the SEC relating to the offering of any ordinary shares, ADSs or any securities convertible into or exercisable or exchangeable for ordinary shares or ADSs (other than a registration statement on Form S-8); or
- 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 above is to be settled by delivery of ordinary shares, ADSs, or such other securities, in cash or otherwise. In addition, we and each such person agrees that, without the prior written consent of the representatives on behalf of the underwriters, we or such other person will not, during the restricted period, make any demand for, or exercise any right with respect to, the registration of any ordinary shares, ADSs, or any security convertible into or exercisable or exchangeable for ordinary shares or ADSs.

The restrictions described in the immediately preceding paragraph do not apply to:

- the sale of shares to the underwriters;
- the issuance by the Company of ordinary shares upon the exercise of an option or a warrant or the conversion of a security outstanding on the date of this prospectus of which the underwriters have been advised in writing;
- transactions by any person other than us relating to ordinary shares, ADSs or other securities acquired in open market transactions after the completion of the offering of the ADSs; provided that no filing under Section 16(a) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, is required or voluntarily made in connection with subsequent sales of the ordinary shares, ADSs or other securities acquired in such open market transactions; or
- the establishment of a trading plan 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 or voluntarily made 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.

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. Subject to compliance with the notification requirements under FINRA Rule 5131 applicable to lock-up agreements with our directors or officers, if the representatives, in their sole discretion, agree to release or waive the restrictions set forth in a lock-up agreement for an officer or director of us and provides us with notice of the impending release or waiver at least three business days before the effective date of the release or waiver, we agree to announce the impending release or waiver by issuing a press release through a major news service at least two business days before the effective date of the release or waiver. Currently, there are no agreements, understandings or intentions, tacit or explicit, to release any of the securities from the lock-up agreements prior to the expiration of the corresponding period.

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 ordinary shares or 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, the general condition of the securities markets at the time of this offering, the recent market prices of, and demand for, publicly traded ordinary share of generally comparable companies, and other factors deemed relevant by the representatives and us. Neither we nor the underwriters can assure investors that an active trading market will develop for the ADSs, or that the ADSs will trade in the public market at or above the initial public offering price.

Electronic Offer, Sale and Distribution of ADSs

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. In addition, ADSs may be sold by the underwriters to securities dealers who

resell ADSs to online brokerage account holders. Other than the prospectus in electronic format, the information on any underwriter's or selling group member's website and any information contained in any other website maintained by any underwriter or selling group member is not part of the prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or any underwriter or selling group member in its capacity as underwriter or selling group member and should not be relied upon by investors.

Selling Restrictions

No action may be taken in any jurisdiction other than the U.S. that would permit a public offering of the ADSs or the possession, circulation or distribution of this prospectus in any jurisdiction where action for that purpose is required. Accordingly, the ADSs may not be offered or sold, directly or indirectly, and neither the prospectus nor any other offering material or advertisements in connection with the ADSs may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable laws, rules and regulations of any such country or jurisdiction.

Australia. This document has not been lodged with the Australian Securities & Investments Commission and is only directed to certain categories of exempt persons. Accordingly, if you receive this document in Australia:

a) you confirm and warrant that you are either:

i) "sophisticated investor" under section 708(8)(a) or (b) of the Corporations Act 2001 (Cth) of Australia, or the Corporations Act;

ii) "sophisticated investor" under section 708(8)(c) or (d) of the Corporations Act and that you have provided an accountant's certificate to the company which complies with the requirements of section 708(8)(c)(i) or (ii) of the Corporations Act and related regulations before the offer has been made;

iii) person associated with the company under section 708(12) of the Corporations Act; or

iv) "professional investor" within the meaning of section 708(11)(a) or (b) of the Corporations Act;

and to the extent that you are unable to confirm or warrant that you are an exempt sophisticated investor, associated person or professional investor under the Corporations Act, any offer made to you under this document is void and incapable of acceptance;

b) you warrant and agree that you will not offer any of the ADSs issued to you pursuant to this document for resale in Australia within 12 months of those ADSs being issued unless any such resale offer is exempt from the requirement to issue a disclosure document under section 708 of the Corporations Act.

Canada. The ADSs may be sold in Canada only to purchasers resident or located in the Provinces of Ontario, Québec, Alberta and British Columbia, 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 of National Instrument 33-105 Underwriting Conflicts, or 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.

Cayman Islands. This prospectus does not constitute an invitation or offer to the public in the Cayman Islands of the ADSs, whether by way of sale or subscription. The underwriters have not offered or sold, and will not offer or sell, directly or indirectly, any ADSs in the Cayman Islands.

Dubai International Financial Centre ("DIFC"). This prospectus relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority (the "DFSA"). This prospectus is intended for distribution only to persons of a type specified in the Markets Rules 2012 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 supplement nor taken steps to verify the information set forth herein and has no responsibility for this prospectus. The securities to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

In relation to its use in the DIFC, this prospectus is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

European Economic Area. In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") an offer to the public of any shares which are the subject of the offering contemplated by this prospectus may not be made in that Relevant Member State unless the prospectus has been approved by the competent authority in such Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that an offer to the public in that Relevant Member State of any shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- by the underwriters to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than "qualified investors" as defined in the Prospectus Directive) subject to obtaining the prior consent of the representatives for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive; provided that no such offer of shares shall result in a requirement for the publication by us or any representative of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Any person making or intending to make any offer of shares within the EEA should only do so in circumstances in which no obligation arises for us or any of the underwriters to produce a prospectus for such offer. Neither we nor the underwriters have authorized, nor do they authorize, the making of any offer of shares through any financial intermediary, other than offers made by the underwriters which constitute the final offering of shares contemplated in this prospectus.

For the purposes of this provision, and your representation below, the expression an "offer to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase any shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any shares under, the offer of shares contemplated by this prospectus will be deemed to have represented, warranted and agreed to and with us and each underwriter that:

- it is a "qualified investor" within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and
- in the case of any shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (1) the shares acquired by it in the offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than "qualified investors" (as defined in the Prospectus Directive), or in circumstances in which the prior consent of the representatives has been given to the offer or resale; or (2) where shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those shares to it is not treated under the Prospectus Directive as having been made to such persons.

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are "qualified investors" (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or the Order, and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

France. Neither this prospectus nor any other offering material relating to the ADSs described in this prospectus has been submitted to the clearance procedures of the Autorité des Marchés Financiers or of the competent authority of another member state of the European Economic Area and notified to the Autorité des Marchés Financiers. The ADSs have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this prospectus nor any other offering material relating to the ADSs has been or will be:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 or, if the relevant member state has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by us for any such offer;
- in any other circumstances falling within Article 3(2) of the Prospectus Directive;
- released, issued, distributed or caused to be released, issued or distributed to the public in France; or
- used in connection with any offer for subscription or sale of the ADSs to the public in France.

Such offers, sales and distributions will be made in France only:

- to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d'investisseurs*), in each case investing for their own account, all as defined in, and in accordance with articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Code monétaire et financier;
- to investment services providers authorized to engage in portfolio management on behalf of third parties; or
- in a transaction that, in accordance with article L.411-2-II-1° -or-2° -or 3° of the French Code monétaire et financier and article 211-2 of the General Regulations (*Règlement Général*) of the Autorité des Marchés Financiers, does not constitute a public offer (*appel public à l'épargne*).

The ADSs may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French Code monétaire et financier.

Germany. This prospectus does not constitute a Prospectus Directive-compliant prospectus in accordance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*) and does therefore not allow any public offering in the Federal Republic of Germany ("Germany") or any other Relevant Member State pursuant to § 17 and § 18 of the German Securities Prospectus Act. No action has been or will be taken in Germany that would permit a public offering of the ADSs, or distribution of a prospectus or any other offering material relating to the ADSs. In particular, no securities prospectus (*Wertpapierprospekt*) within the meaning of the German Securities Prospectus Act or any other applicable laws of Germany, has been or will be published within Germany, nor has this prospectus been filed with or approved by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) for publication within Germany.

Each underwriter will represent, agree and undertake, (i) that it has not offered, sold or delivered and will not offer, sell or deliver the ADSs within Germany other than in accordance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*) and any other applicable laws in Germany governing the issue, sale and offering of ADSs, and (ii) that it will distribute in Germany any offering material relating to the ADSs only under circumstances that will result in compliance with the applicable rules and regulations of Germany.

This prospectus is strictly for use of the person who has received it. It may not be forwarded to other persons or published in Germany.

Hong Kong. The ADSs may not be offered or sold in Hong Kong by means of any document other than (1) 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), or (2) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (3) 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 the 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 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.

Israel. The ADSs offered by this prospectus have not been approved or disapproved by the Israeli Securities Authority (the ISA), nor has it been registered for sale in Israel. The ADSs may not be offered or sold, directly or indirectly, to the public in Israel, absent the publication of a prospectus. The ISA has not issued permits, approvals or licenses in connection with the offering or publishing the prospectus; nor has it authenticated the details included herein, confirmed their reliability or completeness, or rendered an opinion as to the quality of the

ADSs being offered. Any resale in Israel, directly or indirectly, to the public of the ADSs offered by this prospectus is subject to restrictions on transferability and must be effected only in compliance with the Israeli securities laws and regulations.

Italy. The offering of ADSs has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("CONSOB") pursuant to Italian securities legislation and, accordingly, no ADSs may be offered, sold or delivered, nor copies of this prospectus or any other documents relating to the ADSs may not be distributed in Italy except:

- to "qualified investors," as referred to in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "Decree No. 58") and defined in Article 26, paragraph 1, letter d) of CONSOB Regulation No. 16190 of 29 October 2007, as amended ("Regulation No. 16190") pursuant to Article 34-ter, paragraph 1, letter. b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended ("Regulation No. 11971"); or
- in any other circumstances where an express exemption from compliance with the offer restrictions applies, as provided under Decree No. 58 or Regulation No. 11971.

Any offer, sale or delivery of the ADSs or distribution of copies of this prospectus or any other documents relating to the ADSs in the Republic of Italy must be:

- made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993, as amended (the "Banking Law"), Decree No. 58 and Regulation No. 16190 and any other applicable laws and regulations;
- in compliance with Article 129 of the Banking Law, and the implementing guidelines of the Bank of Italy, as amended; and
- in compliance with any other applicable notification requirement or limitation which may be imposed, from time to time, by CONSOB or the Bank of Italy or other competent authority.

Please note that, in accordance with Article 100-bis of Decree No. 58, where no exemption from the rules on public offerings applies, the subsequent distribution of the ADSs on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under Decree No. 58 and Regulation No. 11971.

Furthermore, ADSs which are initially offered and placed in Italy or abroad to qualified investors only but in the following year are regularly ("sistematicamente") distributed on the secondary market in Italy to non-qualified investors become subject to the public offer and the prospectus requirement rules provided under Decree No. 58 and Regulation No. 11971. Failure to comply with such rules may result in the sale of the ADSs being declared null and void and in the liability of the intermediary transferring the ADSs for any damages suffered by such non-qualified investors.

Japan. The ADSs have not been and will not be registered under the Financial Instruments and Exchange Law of Japan, and ADSs will not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to any exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

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 and will not be registered under the Financial Investment Services and Capital Markets Act of Korea and the decrees and regulations thereunder, and the ADSs have been and will be offered in Korea as a private placement under the FSCMA. Furthermore, the purchaser of the ADSs shall comply 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. By the purchase of the ADSs, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the ADSs pursuant to the applicable laws and regulations of Korea.

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.

People's Republic of China. This prospectus has not been and will not be circulated or distributed in the PRC, and ADSs may not be offered or sold, and will not be offered or sold 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.

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 Centre 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.

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 (1) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or SFA, (2) 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, and in accordance with the conditions specified in Section 275 of the SFA or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where our ADSs are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor; shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the ADSs under Section 275 of the SFA, except: (1) to an institutional investor (for corporations under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that

corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

Switzerland. The ADSs will not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange, or SIX, or on any other stock exchange or regulated trading facility in Switzerland. This prospectus 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 prospectus nor any other offering or marketing material relating to our company or the ADSs have been or will be filed with or approved by any Swiss regulatory authority. In particular, this prospectus will not be filed with, and the offer of the ADSs will not be supervised by, the Swiss Financial Market Supervisory Authority, and the offer of the ADSs has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (the "CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the ADSs.

Taiwan. The ADSs have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the ADSs in Taiwan.

United Arab Emirates. This prospectus is not intended to constitute an offer, sale or delivery of shares or other securities under the laws of the United Arab Emirates, or the UAE. The ADSs and the underlying shares have not been and will not be registered under Federal Law No. 4 of 2000 Concerning the Emirates Securities and Commodities Authority and the Emirates Security and Commodity Exchange, or with the UAE Central Bank, the Dubai Financial Market, the Abu Dhabi Securities Market or with any other UAE exchange.

The offering, the ADSs, the underlying shares and interests therein have not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities in the UAE, and do not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise.

In relation to its use in the UAE, this prospectus is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the ADSs and the underlying shares may not be offered or sold directly or indirectly to the public in the UAE.

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 the FSMA, received by it in connection with the issue or sale of the 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 the ADSs in, from or otherwise involving the United Kingdom.

EXPENSES RELATED TO THIS OFFERING

Set forth below is an itemization of the total expenses, excluding underwriting discounts and commissions, that we expect to incur in connection with this offering. With the exception of the SEC registration fee, the Financial Industry Regulatory Authority, or FINRA, filing fee, and the Nasdaq market entry and listing fee, all amounts are estimates.

SEC Registration Fee	US$31,235
FINRA Fee	US$36,596
Nasdaq Market Entry and Listing Fee	US$150,000
Printing and Engraving Expenses	US$200,000
Legal Fees and Expenses	US$1,708,000
Accounting Fees and Expenses	US$1,411,000
Miscellaneous	US$341,169
Total	US$3,878,000

LEGAL MATTERS

We are being represented by Cleary Gottlieb Steen & Hamilton LLP with respect to certain legal matters as to U.S. federal securities and New York State law. The underwriters are being represented by Simpson Thacher & Bartlett LLP with respect to certain legal matters as to U.S. federal securities and New York State law. The validity of the ordinary shares represented by the ADSs offered in this offering will be passed upon for us by Maples and Calder (Hong Kong) LLP. Certain legal matters as to PRC law will be passed upon for us by Shihui Partners and for the underwriters by Jingtian & Gongcheng. Cleary Gottlieb Steen & Hamilton LLP may rely upon Maples and Calder (Hong Kong) LLP with respect to matters governed by Cayman Islands law and Shihui Partners with respect to matters governed by PRC law. Simpson Thacher & Bartlett LLP may rely upon Jingtian & Gongcheng with respect to matters governed by PRC law.

EXPERTS

The consolidated financial statements of Burning Rock Biotech Limited as of December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019, 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 office of Ernst & Young Hua Ming LLP is located at 18th Floor, Ernst & Young Tower, 13 Zhujiang East Road, Tianhe District, Guangzhou, Guangdong, People's Republic of China.

This prospectus contains information from a report commissioned by us and prepared by China Insights Consultancy, an independent market research firm, which contains data regarding the market size and competitive landscape of the markets we operate in.

The office of CIC is located at 10F, Block B, Jing'an International Center, 88 Puji Road, Jing'an District, Shanghai 200070, the PRC.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed a registration statement, including relevant exhibits, with the SEC on Form F-1 under the Securities Act with respect to the underlying Class A ordinary shares represented by the ADSs to be sold in this offering. We have also filed a related registration statement on Form F-6 with the SEC to register the ADSs. This prospectus, which constitutes a part of the registration statement on Form F-1, does not contain all of the information contained in the registration statement. You should read our registration statements and their exhibits and schedules for further information with respect to us and the ADSs.

Immediately upon the effectiveness of the registration statement on Form F-1 of which this prospectus forms a part, we will become subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we will be required to file reports, including annual reports on Form 20-F, and other information with the SEC. The SEC maintains an internet site at http://www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. We maintain our website at http://www.brbiotech.com.

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 financial statements prepared in conformity with U.S. GAAP, 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.

BURNING ROCK BIOTECH LIMITED

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Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Burning Rock Biotech Limited

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Burning Rock Biotech Limited (the "Company") as of December 31, 2019 and 2018, the related consolidated statements of comprehensive loss, shareholders' deficit and cash flows for each of the three years in the period ended December 31, 2019, 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, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

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 2019.

Guangzhou, the People's Republic of China

February 18, 2020, except for Note 19, as to which the date is May 22, 2020

BURNING ROCK BIOTECH LIMITED

CONSOLIDATED BALANCE SHEETS

AS OF DECEMBER 31, 2018 AND 2019

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

	Notes	As of December 31,		
		2018	2019	
		RMB	RMB	US$
ASSETS				
Current assets:				
Cash and cash equivalents		93,341	94,235	13,309
Restricted cash		1,993	4,009	566
Short-term investment		36,787	313,988	44,344
Accounts receivable (net of allowances of RMB1,827 and RMB13,112 (US$1,852) as of December 31, 2018 and 2019, respectively)	4	34,807	88,822	12,544
Contract assets		713	909	128
Amounts due from related parties	16	16,390	74,368	10,503
Inventories	5	49,055	58,116	8,208
Prepayments and other current assets	6	59,903	72,340	10,216
Total current assets		**292,989**	**706,787**	**99,818**
Non-current assets:				
Equity method investment		1,990	1,790	253
Long-term investment		—	38,369	5,419
Property and equipment, net	7	69,582	89,314	12,614
Intangible assets, net	8	482	343	48
Other non-current assets		7,631	10,954	1,547
Total non-current assets		**79,685**	**140,770**	**19,881**
TOTAL ASSETS		**372,674**	**847,557**	**119,699**
LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' DEFICIT				
Current liabilities (including amounts of the consolidated VIE and its subsidiaries without recourse to the primary beneficiary of RMB104,435 and RMB140,383 (US$19,826) as of December 31, 2018 and 2019, respectively):				
Accounts payable		16,267	12,348	1,744
Deferred revenue		55,846	49,539	6,996
Amounts due to a related party	16	3,289	—	—
Capital lease obligations, current	7	2,668	4,893	691
Accrued liabilities and other current liabilities	9	28,214	54,059	7,635
Customer deposits		2,140	4,104	580
Short-term borrowings	10	7,000	2,370	335
Current portion of long-term borrowings	10	40,058	37,129	5,244
Convertible notes, current	11	129,216	—	—
Total current liabilities		**284,698**	**164,442**	**23,225**
Non-current liabilities (including amounts of the consolidated VIE and its subsidiaries without recourse to the primary beneficiary of RMB85,898 and RMB6,073 (US$858) as of December 31, 2018 and 2019, respectively):				
Deferred government grants		1,990	991	140
Capital lease obligations	7	5,689	4,816	680
Long-term borrowings	10	87,641	18,266	2,580
Warrant liability	12	—	23,503	3,319
Total non-current liabilities		**95,320**	**47,576**	**6,719**
TOTAL LIABILITIES		**380,018**	**212,018**	**29,944**
Commitments and contingencies	17			

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

BURNING ROCK BIOTECH LIMITED

CONSOLIDATED BALANCE SHEETS (CONTINUED)

AS OF DECEMBER 31, 2018 AND 2019

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

	Notes	As of December 31,		
		2018	2019	
		RMB	RMB	US$
LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' DEFICIT (CONTINUED)				
Mezzanine equity:				
Series A convertible preferred shares (par value of US$0.0002 per share; 33,320,324 and 33,304,544 shares authorized; 33,320,324 and 33,300,105 issued and outstanding as of December 31, 2018 and 2019)	12	171,494	186,991	26,408
Series B convertible preferred shares (par value of US$0.0002 per share; 12,768,717 and 12,768,717 shares authorized, issued and outstanding as of December 31, 2018 and 2019)	12	424,624	466,983	65,951
Series C convertible preferred shares (par value of US$0.0002 per share; nil and 15,719,229 shares authorized; nil and 12,524,807 issued and outstanding as of December 31, 2018 and 2019)	12	—	873,059	123,299
Total mezzanine equity		**596,118**	**1,527,033**	**215,658**
Shareholders' deficit:				
Ordinary shares (par value of US$0.0002 per share; 203,910,959 and 188,207,510 shares authorized; 23,167,232 and 25,031,575 shares issued and outstanding as of December 31, 2018 and 2019)		29	31	4
Additional paid-in capital		23,311	45,640	6,446
Accumulated deficits		(611,997)	(946,464)	(133,666)
Accumulated other comprehensive (loss) income		(14,805)	9,299	1,313
Total shareholders' deficit		**(603,462)**	**(891,494)**	**(125,903)**
TOTAL LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' DEFICIT		**372,674**	**847,557**	**119,699**

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

BURNING ROCK BIOTECH LIMITED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

FOR THE YEARS ENDED DECEMBER 31, 2017, 2018 AND 2019

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

	Notes	For the years ended December 31,			
		2017	2018	2019	
		RMB	RMB	RMB	US$
Revenues:					
Revenues from services		106,751	180,187	292,523	41,312
Revenues from sales of products		4,415	28,680	89,154	12,591
Total revenues	3	**111,166**	**208,867**	**381,677**	**53,903**
Cost of revenues:					
Cost of services		(37,616)	(60,688)	(78,837)	(11,134)
Cost of goods sold		(1,854)	(13,120)	(29,506)	(4,167)
Total cost of revenues		**(39,470)**	**(73,808)**	**(108,343)**	**(15,301)**
Gross profit		**71,696**	**135,059**	**273,334**	**38,602**
Operating expenses:					
Research and development expenses		(49,022)	(105,299)	(156,935)	(22,163)
Selling and marketing expenses (including related party amounts of RMB1,214, RMB1,225 and RMB806 (US$114) for the years ended December 31, 2017, 2018 and 2019, respectively)	16	(67,505)	(102,857)	(153,334)	(21,655)
General and administrative expenses		(76,036)	(88,299)	(132,157)	(18,664)
Total operating expenses		**(192,563)**	**(296,455)**	**(442,426)**	**(62,482)**
Loss from operations		**(120,867)**	**(161,396)**	**(169,092)**	**(23,880)**
Interest (expense) income, net		(9,861)	(16,612)	2,172	307
Other expense, net		(32)	(488)	(883)	(125)
Foreign exchange (loss) gain, net		(515)	999	1,486	210
Change in fair value of warrant liability		—	—	(2,839)	(401)
Loss before income tax		**(131,275)**	**(177,497)**	**(169,156)**	**(23,889)**
Income tax expenses	14	—	—	—	—
Net loss		**(131,275)**	**(177,497)**	**(169,156)**	**(23,889)**
Net loss attributable to Burning Rock Biotech Limited's shareholders		**(131,275)**	**(177,497)**	**(169,156)**	**(23,889)**
Accretion of convertible preferred shares		(53,276)	(54,849)	(165,011)	(23,304)
Net loss attributable to ordinary shareholders		**(184,551)**	**(232,346)**	**(334,167)**	**(47,193)**

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

BURNING ROCK BIOTECH LIMITED

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2017, 2018 AND 2019

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

	Notes	For the years ended December 31,			
		2017	2018	2019	
		RMB	RMB	RMB	US$
Loss per share:	15				
Basic and diluted		(10.20)	(10.38)	(14.23)	(2.01)
Weighted average shares outstanding used in loss per share computation:	15				
Basic and diluted		18,089,102	22,378,876	23,483,915	23,483,915
Pro forma loss per share (unaudited):	15				
Basic and diluted				(2.06)	(0.29)
Weighted average shares outstanding used in pro forma loss per share computation (unaudited):	15				
Basic and diluted				82,077,544	82,077,544
Other comprehensive (loss) income, net of tax of nil:					
Foreign currency translation adjustments		(3,652)	(3,929)	24,104	3,404
Total comprehensive loss		**(134,927)**	**(181,426)**	**(145,052)**	**(20,485)**
Total comprehensive loss attributable to Burning Rock Biotech Limited's shareholders		**(134,927)**	**(181,426)**	**(145,052)**	**(20,485)**

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

BURNING ROCK BIOTECH LIMITED

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT

FOR THE YEARS ENDED DECEMBER 31, 2017, 2018 AND 2019

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

	Ordinary shares		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Total shareholders' deficit
	Number of shares	Amount				
		RMB	RMB	RMB	RMB	RMB
Balance as of January 1, 2017	**23,594,532**	**30**	**14,163**	**(185,910)**	**(7,224)**	**(178,941)**
Net loss	—	—	—	(131,275)	—	(131,275)
Other comprehensive loss	—	—	—	—	(3,652)	(3,652)
Accretion of convertible preferred shares	—	—	—	(53,276)	—	(53,276)
Repurchase of ordinary shares (note 16)	(1,214,608)	(2)	—	(9,063)	—	(9,065)
Share-based compensation	—	—	4,053	—	—	4,053
Balance as of December 31, 2017	**22,379,924**	**28**	**18,216**	**(379,524)**	**(10,876)**	**(372,156)**
Balance as of January 1, 2018	**22,379,924**	**28**	**18,216**	**(379,524)**	**(10,876)**	**(372,156)**
Net loss	—	—	—	(177,497)	—	(177,497)
Other comprehensive loss	—	—	—	—	(3,929)	(3,929)
Repurchase of convertible preferred shares (notes 12 and 16)	—	—	—	(127)	—	(127)
Accretion of convertible preferred shares	—	—	—	(54,849)	—	(54,849)
Exercise of options (note 13)	818,554	1	—	—	—	1
Repurchase of ordinary shares (note 16)	(31,246)	—	—	—	—	—
Share-based compensation	—	—	5,095	—	—	5,095
Balance as of December 31, 2018	**23,167,232**	**29**	**23,311**	**(611,997)**	**(14,805)**	**(603,462)**
Balance as of January 1, 2019	**23,167,232**	**29**	**23,311**	**(611,997)**	**(14,805)**	**(603,462)**
Net loss	—	—	—	(169,156)	—	(169,156)
Other comprehensive income	—	—	—	—	24,104	24,104
Repurchase of convertible preferred shares (notes 12 and 16)	—	—	—	(300)	—	(300)
Accretion of convertible preferred shares	—	—	—	(165,011)	—	(165,011)
Exercise of options (note 13)	1,864,343	2	—	—	—	2
Share-based compensation	—	—	22,329	—	—	22,329
Balance as of December 31, 2019	**25,031,575**	**31**	**45,640**	**(946,464)**	**9,299**	**(891,494)**
Balance as of December 31, 2019 (US$)	**25,031,575**	**4**	**6,446**	**(133,666)**	**1,313**	**(125,903)**

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

BURNING ROCK BIOTECH LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2017, 2018 AND 2019

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

	For the years ended December 31,			
	2017	2018	2019	
	RMB	RMB	RMB	US$
Cash flows from operating activities:				
Net loss	(131,275)	(177,497)	(169,156)	(23,889)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	21,313	24,679	31,359	4,429
Allowance for doubtful accounts	767	907	11,932	1,685
Inventory write down	331	—	432	61
Loss on disposal of equipment	—	37	184	26
Share of loss from equity method investee	63	422	230	32
Share-based compensation	4,053	5,095	22,792	3,218
Accrued interest	5,838	3,738	1,811	256
Change in fair value of warrant liability	—	—	2,839	401
Changes in operating assets and liabilities:				
Inventories	(489)	(32,251)	(8,122)	(1,147)
Accounts receivable	(31,163)	4,163	(65,947)	(9,313)
Contract assets	(1,355)	642	(196)	(28)
Prepayments and other current assets	(16,994)	(20,172)	(14,574)	(2,058)
Amount due from related parties	(15,540)	(31)	(56,191)	(7,936)
Other non-current assets	78	(3,112)	(2,619)	(370)
Accounts payable	9,570	2,202	(3,320)	(469)
Deferred revenue	22,774	27,264	(6,307)	(891)
Amount due to a related party	3,132	—	—	—
Accrued liabilities and other current liabilities	(4,804)	11,979	25,847	3,650
Customer deposits	—	1,165	1,964	277
Deferred government grants	—	1,990	(999)	(141)
Net cash used in operating activities	**(133,701)**	**(148,780)**	**(228,041)**	**(32,207)**
Cash flows from investing activities:				
Proceeds from maturity of short-term investment	—	130,684	107,603	15,196
Proceeds from disposal of equipment	17	122	98	14
Prepayment of property and equipment	—	(1,381)	(2,361)	(333)
Purchase of property and equipment	(22,440)	(23,187)	(42,972)	(6,069)
Purchase of intangible assets	(574)	(147)	(401)	(57)
Purchase of long-term investment	(35,023)	—	(38,710)	(5,467)
Purchase of short-term investment	(130,684)	—	(369,917)	(52,240)
Purchase of investment in equity method investee	(2,373)	—	—	—
Net cash (used in) generated from investing activities	**(191,077)**	**106,091**	**(346,660)**	**(48,956)**

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

BURNING ROCK BIOTECH LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2017, 2018 AND 2019

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

	For the years ended December 31,			
	2017	2018	2019	
	RMB	RMB	RMB	US$
Cash flows from financing activities:				
Proceeds from long-term borrowings	30,000	96,606	14,720	2,079
Proceeds from issuance of convertible preferred shares and warrant	234,554	2,000	657,492	92,856
Proceeds from issuance of convertible notes	117,225	—	—	—
Capital lease obligations payments	—	(2,545)	(4,664)	(659)
Repurchase of ordinary shares	(9,063)	—	(3,636)	(514)
Repayment of short-term borrowings	—	(3,000)	(4,630)	(654)
Repayment of convertible notes	(13,778)	—	—	—
Repayment of long-term borrowings	(4,772)	(8,168)	(87,024)	(12,290)
Repurchase of convertible preferred shares	—	(1,500)	(523)	(74)
Net cash generated from financing activities	**354,166**	**83,393**	**571,735**	**80,744**
Effect of exchange rate on cash, cash equivalents and restricted cash	(11,406)	(159)	5,876	830
Net increase cash, cash equivalents and restricted cash	**17,982**	**40,545**	**2,910**	**411**
Cash, cash equivalents and restricted cash at the beginning of year	36,807	54,789	95,334	13,464
Cash, cash equivalents and restricted cash at the end of year	**54,789**	**95,334**	**98,244**	**13,875**
Supplemental disclosures of cash flow information:				
Interest expense paid	7,627	13,830	10,621	1,500
Supplemental disclosures of non-cash information:				
Purchase of property and equipment included in prepayments and other current assets	—	—	2,415	341
Purchase of property and equipment included in accounts payable	(787)	(190)	(599)	(85)
Purchase of property and equipment included in capital lease obligations	—	7,573	7,694	1,087
Conversion of convertible notes into Series B convertible preferred shares	110,485	—	—	—
Conversion of convertible notes into Series C convertible preferred shares	—	—	127,982	18,075
Reconciliation of cash, cash equivalents and restricted cash:				
Cash and cash equivalents	54,789	93,341	94,235	13,309
Restricted cash	—	1,993	4,009	566
Total cash, cash equivalents and restricted cash shown in the statements of cash flows	**54,789**	**95,334**	**98,244**	**13,875**

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

BURNING ROCK BIOTECH LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017, 2018 AND 2019

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

1 ORGANIZATION AND BASIS OF PRESENTATION

Burning Rock Biotech Limited (the "Company") is a limited liability company incorporated in the Cayman Islands on March 10, 2014. The Company does not conduct any substantive operations on its own but instead conducts its business operations through its subsidiaries, variable interest entity ("VIE") and subsidiaries of the VIE. The Company, together with its subsidiaries, VIE and VIE's subsidiaries (collectively, the "Group") are principally engaged in the developing and providing cancer therapy selection test in the People's Republic of China (the "PRC").

As of December 31, 2019, the Company's principal subsidiaries, VIE and VIE's subsidiaries are as follows:

Entity	Date of incorporation	Place of incorporation	Percentage of legal ownership by the Company	Principal activities
Subsidiaries				
BR Hong Kong Limited	April 1, 2014	Hong Kong	100%	Holding Company
Beijing Burning Rock Biotech Co., Ltd. (the "WFOE")	June 13, 2014	PRC	100%	Trading Company
Burning Rock Biotechnology (Shanghai) Co., Ltd.	July 4, 2016	PRC	100%	Research and development
VIE				
Burning Rock (Beijing) Biotechnology Co., Ltd.	January 7, 2014	PRC	Nil	Holding Company
VIE's subsidiaries				
Guangzhou Burning Rock Dx Co., Ltd.	March 18, 2014	PRC	Nil	Cancer therapy selection test and sales of reagent kits
Guangzhou Burning Rock Medical Equipment Co., Ltd.	January 6, 2015	PRC	Nil	Facilitation of laboratory equipment sales
Guangzhou Burning Rock Biotechnology Co., Ltd.	January 23, 2018	PRC	Nil	Cancer therapy selection test and sales of reagent kits

To comply with PRC laws and regulations which prohibit and restrict foreign ownership of business involving the development and application of genomic diagnosis and treatment technology, the Group conducts its business in the PRC principally through the VIE and the VIE's subsidiaries. The equity interests of the VIE are legally held by PRC shareholders (the "Nominee Shareholders").

Despite the lack of majority ownership, the Company through the wholly foreign owned entity ("the WFOE") has effective control of the VIE through a series of contractual arrangements (the "VIE agreements") and a parent-subsidiary relationship exists between the WFOE and the VIE since 2014. Through the VIE agreements, the Nominee Shareholders of the VIE effectively assigned all of their voting rights underlying their equity interests in the VIE to the WFOE, and therefore, the WFOE has the power to direct the activities of the VIE that

BURNING ROCK BIOTECH LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2017, 2018 AND 2019

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

1 ORGANIZATION AND BASIS OF PRESENTATION (CONTINUED)

most significantly impact its economic performance. The WFOE also has the right to receive economic benefits that potentially could be significant to the VIE. Therefore, the WFOE is considered the primary beneficiary of the VIE and consolidates the VIE in accordance with Accounting Standards Codification ("ASC") Topic 810-10 ("ASC 810-10"), *Consolidation: Overall.*

The following is a summary of the VIE agreements:

Exclusive Business Cooperation Agreement

Pursuant to the exclusive business cooperation agreement entered into amongst the WFOE and the VIE on June 20, 2014, the WFOE provides exclusive business support, technology services and consulting services in return for service fees, which is adjustable at the sole discretion of the WFOE. Without the WFOE's consent, the VIE cannot procure services from any third party or enter into similar service arrangements with any other third party, except for the ones appointed by the WFOE. The agreement was effective for 20 years from June 20, 2014 and automatically renew for 10 years if all parties have no objection.

Power of Attorney

The Nominee Shareholders signed Power of Attorney on June 20, 2014 to irrevocably appoint the WFOE, or its designated party, as the attorney-in-fact to exercise rights on the Nominee Shareholders' behalf any and all rights that such shareholder has in respect of its equity interest in the VIE such as the right to appoint or remove directors, supervisors and officers, as well as the right to sell, transfer, pledge or dispose of all or any portion of the equity interests held by such shareholder, or of the assets held by the VIE. This agreement will remain effective until it is terminated by the WFOE.

Exclusive Option Agreement

Pursuant to the exclusive option agreements entered into amongst the VIE, the Nominee Shareholders and the WFOE on June 20, 2014, the Nominee Shareholders irrevocably granted the WFOE an exclusive option to request the Nominee Shareholders to transfer or sell any part or all of its equity interests in the VIE to the WFOE, or its designees. The purchase price of the equity interests in the VIE is equal to the minimum price required by PRC law. Any proceeds received by the Nominee Shareholders from the exercise of the right shall be remitted to the WFOE, to the extent permitted under the PRC laws. Without the WFOE's prior written consent, the VIE and the Nominee Shareholders may not amend its articles of association, increase or decrease the registered capital, sell or otherwise dispose of its assets or beneficial interest, create or allow any encumbrance on its assets or other beneficial interests, provide any loans or guarantees and request any dividends or other form of assets. This agreement is not terminated until all of the equity interest of the VIE has been transferred to the WFOE or the person(s) designated by the WFOE.

Equity Interest Pledge Agreement

Pursuant to the equity interest pledge agreements entered into amongst the WFOE, the VIE and the Nominee Shareholders on June 20, 2014, the Nominee Shareholders pledged all of their equity interests in the VIE to the WFOE as collateral to secure their obligations under the exclusive business cooperation agreement. The WFOE

BURNING ROCK BIOTECH LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2017, 2018 AND 2019

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

1 ORGANIZATION AND BASIS OF PRESENTATION (CONTINUED)

Equity Interest Pledge Agreement (Continued)

is entitled to all dividends during the effective period of the share pledge except as it agrees otherwise in writing. If the VIE or any of the Nominee Shareholders breaches its contractual obligations, the WFOE is entitled to certain rights regarding the pledged equity interests, including the right to receive proceeds from the auction or sale of all or part of the pledged equity interests of VIE in accordance with PRC law. The Nominee Shareholders agree not to create any encumbrance on or otherwise transfer or dispose of their respective equity interests in the VIE, without the prior consent of the WFOE.

The Power of Attorney, Exclusive Option Agreement and Equity Interest Pledge Agreement were amended and restated on August 27, 2015, July 1, 2016, April 19, 2018 and January 4, 2019 to reflect the new nominee shareholders appointed by the Series A, Series B and Series C preferred shareholders and the resulting equity ratio adjustments from the preferred shareholders' investment.

On October 21, 2019, the VIE Agreements were supplemented by the following terms:

(1) Exclusive option agreement

- The VIE irrevocably grants the WFOE an exclusive asset purchase option whereby the WFOE has the right to purchase or designate another party to purchase part or all of the assets of the VIE as permitted under the PRC laws. The purchase price of the VIE's assets is equal to the book value of the assets or the minimum price as permitted by applicable PRC law, whichever is higher; and
- The WFOE has the right to unilaterally amendment, supplement and termination of this agreement.

(2) Exclusive Business Cooperation Agreement

- In exchange for these services, the VIE will pay a service fee, equal to the VIE's profit before tax, after recovering any accumulated losses of the VIE and its subsidiaries from the preceding fiscal year, and deducting working capital, expenses, tax and a reasonable amount of operating profit according to applicable tax law principles and tax practice; and
- The agreement will be in effect for 10 years unless the WFOE unilaterally terminates the agreement by giving written notification at least thirty days prior to the expiration of the agreement. The WFOE may at its sole discretion unilaterally extend the term of this agreement prior to its expiration upon notice to the VIE.

(3) Equity Interest Pledge Agreement

- The Nominee Shareholders pledged all of their respective equity interests in the VIE to the WFOE as continuing first priority security interest to guarantee the performance of these Nominee Shareholders and the VIE's obligations under the power of attorney, the exclusive option agreement and the exclusive business cooperation agreement; and
- This agreement will remain effective until all the contractual obligations have been satisfied in full under all the agreements mentioned above.

BURNING ROCK BIOTECH LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2017, 2018 AND 2019

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

1 ORGANIZATION AND BASIS OF PRESENTATION (CONTINUED)

(4) Financial support undertaking letter

- Pursuant to the financial support undertaking letter, the Company is obligated and hereby undertakes to provide unlimited financial support to the VIE, to the extent permissible under the applicable PRC laws and regulations, whether or not any such operational loss is actually incurred. The Company will not request repayment of the loans or borrowings if the VIE or its Nominee Shareholders do not have sufficient funds or are unable to repay.

(5) Voting proxy agreement

- Pursuant to the voting proxy agreement, the WFOE irrevocably and unconditionally commits to execute its rights under the power of attorney in accordance with the instructions from the Company.

As a result of the amended agreements on October 21, 2019, the power and the rights pursuant to the power of attorney have since been effectively reassigned to the Company which has the power to direct the activities of the VIE that most significantly impact the VIE's economic performance. The Company is also obligated to absorb the expected losses of the VIE through the financial support as described above. The Company and the WFOE, as a group of related parties, hold all of the variable interests of the VIE. The Company has been determined to be most closely associated with the VIE within the group of related parties and has replaced the WFOE as the primary beneficiary of the VIE since October 2019. As the VIE was subject to indirect control by the Company through the WFOE immediately before and direct control immediately after the VIE Agreements were supplemented, the change of the primary beneficiary of the VIE was accounted for as a common control transaction based on the carrying amount of the net assets transferred.

In the opinion of the Company's legal counsel, (i) the ownership structure of the WFOE and its VIE is in compliance with PRC laws and regulations; (ii) the contractual arrangements with the VIE and their shareholders are valid and binding, and not in violation of current PRC laws or regulations; (iii) the voting proxy agreement between the Company and the WFOE is valid in accordance with the articles of association of the Company and Cayman Islands Law.

However, uncertainties in the PRC legal system could cause the relevant regulatory authorities to find the current VIE Agreements and businesses to be in violation of any existing or future PRC laws or regulations and could limit the Company's ability to enforce its rights under these contractual arrangements. Furthermore, the nominee shareholders of the VIE may have interests that are different from those of the Company, which could potentially increase the risk that they would seek to act contrary to the terms of the contractual agreements with the VIE.

In addition, if the current structure or any of the contractual arrangements were found to be in violation of any existing or future PRC laws or regulations, the Company may be subject to penalties, including but not be limited to, revocation of business and operating licenses, discontinuing or restricting business operations, restricting the Company's right to collect revenues, temporary or permanent blocking of the Company's internet platforms, restructuring of the Company's operations, imposition of additional conditions or requirements with which the Company may not be able to comply, or other regulatory or enforcement actions against the Company that could

BURNING ROCK BIOTECH LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2017, 2018 AND 2019

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

1 ORGANIZATION AND BASIS OF PRESENTATION (CONTINUED)

be harmful to its business. The imposition of any of these or other penalties could have a material adverse effect on the Company's ability to conduct its business.

The following table set forth the assets and liabilities of the VIE and subsidiaries of the VIE included in the Group's consolidated balance sheets:

	As of December 31,		
	2018	2019	
	RMB	RMB	US$
Cash and cash equivalents	56,623	28,102	3,969
Restricted cash	1,993	4,009	566
Accounts receivable (net of allowances of RMB1,750 and RMB12,665 (US$1,789) as of December 31, 2018 and 2019, respectively)	30,735	88,555	12,506
Contract assets	713	909	128
Amounts due from related parities	2,044	2,052	290
Inter-company receivables*	6,587	7,232	1,021
Inventories	45,928	49,662	7,014
Prepayments and other current assets	32,785	15,931	2,250
Total current assets	**177,408**	**196,452**	**27,744**
Property and equipment, net	24,103	33,246	4,695
Intangible assets, net	455	91	13
Other non-current assets	4,726	3,171	448
Total non-current assets	**29,284**	**36,508**	**5,156**
TOTAL ASSETS	**206,692**	**232,960**	**32,900**
Accounts payable	12,608	10,068	1,422
Deferred revenue	55,846	49,539	6,996
Inter-company payables*	202,087	273,772	38,664
Capital lease obligations, current	2,668	4,893	691
Accrued liabilities and other current liabilities	23,716	38,422	5,426
Customer deposits	2,140	4,104	580
Short-term borrowings	7,000	2,370	335
Current portion of long-term borrowings	457	30,987	4,376
Total current liabilities	**306,522**	**414,155**	**58,490**
Deferred government grant	1,990	991	140
Capital lease obligations	5,689	4,816	680
Long-term borrowings	78,219	266	38
Total non-current liabilities	**85,898**	**6,073**	**858**
TOTAL LIABILITIES	**392,420**	**420,228**	**59,348**

* Inter-company receivables/payables represent balances of VIE and subsidiaries of the VIE due from/to the Company and the Group's consolidated subsidiaries.

BURNING ROCK BIOTECH LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2017, 2018 AND 2019

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

1 ORGANIZATION AND BASIS OF PRESENTATION (CONTINUED)

The table sets forth the results of operations of the VIE and subsidiaries of the VIE included in the Group's consolidated statements of comprehensive loss:

	For the years ended December 31,			
	2017	2018	2019	
	RMB	RMB	RMB	US$
Revenues	108,820	204,310	381,460	53,872
Net loss	(83,427)	(93,455)	(72,015)	(10,170)

The table sets forth the cash flows of the VIE and subsidiaries of the VIE included in the Group's consolidated statements of cash flows:

	For the years ended December 31,			
	2017	2018	2019	
	RMB	RMB	RMB	US$
Net cash used in operating activities	(25,459)	(44,153)	(4,993)	(705)
Net cash used in investing activities	(3,204)	(7,908)	(56,052)	(7,916)
Net cash generated from financing activities	54,303	79,261	34,540	4,878

As of December 31, 2018, and 2019, there were no pledges or collateralization of the assets of the VIE and the VIE's subsidiaries. The amount of the net liabilities of the VIE and subsidiaries of VIE was RMB185,728 and RMB187,268 (US$26,448) as of December 31, 2018, and 2019, respectively. The creditors of the VIE and subsidiaries of the VIE's third-party liabilities did not have recourse to the general credit of the primary beneficiary in the normal course of business. The VIE holds certain assets, including detection equipment and related equipment for use in their operations. The Company did not provide nor intend to provide additional financial or other support not previously contractually required to the VIE and subsidiaries of the VIE during the years presented.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompany consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP").

Certain prior year balances in the consolidated balance sheets have been reclassified to conform to the current year presentation.

BURNING ROCK BIOTECH LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2017, 2018 AND 2019

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation

The consolidated financial statements of the Group include the financial statements of the Company, its subsidiaries, the VIE and the VIE's subsidiaries for which the Company is the primary beneficiary of the VIE. All significant intercompany balances and transactions have been eliminated upon consolidation.

Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the balance sheet dates and the reported amounts of revenue and expenses during the reporting periods. Significant estimates and assumptions reflected in the Group's consolidated financial statements include, but are not limited to, allowance for doubtful accounts for accounts receivable and contract assets, inventory provision, standalone selling prices of performance obligations, the useful lives and impairment of long-lived assets, the fair value of warrant liability and breakage income. Management bases the estimates on historical experience and various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could materially differ from those estimates.

Foreign currency translation

The functional currency of the Company and BR Hong Kong Limited is US$. The functional currency of the Company's PRC subsidiaries, the VIE and the VIE's subsidiaries is RMB. The determination of the respective functional currency is based on the criteria stated in ASC 830, *Foreign Currency Matters*. The Company uses RMB as its reporting currency. The financial statements of the Company and the Company's subsidiary outside PRC are translated from the functional currency to the reporting currency.

Transactions denominated in foreign currencies are remeasured into the functional currency at the exchange rates quoted by the People's Bank of China (the "PBOC") prevailing on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are re-measured at the exchange rates prevailing at the balance sheet date. Non-monetary items that are measured in terms of historical costs in foreign currency are re-measured using the exchange rates at the dates of the initial transactions. Exchange gains and losses are included in the consolidated statements of comprehensive loss.

Assets and liabilities are translated at the exchange rates at the balance sheet date, equity accounts are translated at historical exchange rates and revenues, expenses, gains and losses are translated using the average rate for the year. Translation adjustments are reported as accumulated comprehensive (loss) income and are shown as a separate component of other comprehensive loss in the consolidated statements of comprehensive loss.

Convenience translation

Translations of amounts from RMB into US$ for the convenience of the reader have been calculated at the exchange rate of RMB7.0808 per US$1.00 on March 31, 2020, as published on the website of the United States Federal Reserve Board. No representation is made that the RMB amounts could have been, or could be, converted, realized or settled into US$ at such rate or at any other rate.

BURNING ROCK BIOTECH LIMITED

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents primarily consist of cash and demand deposits which are highly liquid. The Group considers highly liquid investments that are readily convertible to known amounts of cash and with original maturities from the date of purchase of three months or less to be cash equivalents. All cash and cash equivalents are unrestricted as to withdrawal and use.

Restricted cash

Restricted cash primarily represent deposits restricted in designated bank accounts for specific uses in relation to certain government grants received.

In November 2016, the FASB issued Accounting Standard Update ("ASU") No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires entities to present the aggregate changes in cash, cash equivalents, restricted cash and restricted cash equivalents in the statement of cash flows. As a result, the statement of cash flows will be required to present restricted cash and restricted cash equivalents as a part of the beginning and ending balances of cash and cash equivalents. The Group early adopted the updated guidance retrospectively and presented restricted cash within the ending cash, cash equivalents and restricted cash balance on the Group's consolidated statements of cash flows for the years ended December 31, 2017, 2018 and 2019.

Accounts receivable and allowance for doubtful accounts

Accounts receivable are carried at net realizable value. An allowance for doubtful accounts is recorded in the period when collection of the amount is no longer probable. In evaluating the collectability of receivable balances, the Group considers specific evidence including the aging of the receivable, the customer's payment history, its current credit-worthiness and other factors. Accounts receivable are written off when management determines a balance is uncollectable after all collection efforts have ceased.

Short-term investment

All highly liquid investments with maturities of greater than three months, but less than twelve months, are classified as short-term investments. Short-term investment held by the Group represented time deposit of remaining maturities of greater than three months but less than twelve months.

Fair value measurements

The Group applies ASC 820, *Fair Value Measurements and Disclosures*. ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. ASC 820 requires disclosures to be provided for fair value measurements. ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1—Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurements (continued)

Level 2—Includes other inputs that are directly or indirectly observable in the marketplace.

Level 3—Unobservable inputs which are supported by little or no market activity.

ASC 820 describes three main approaches to measuring the fair value of assets and liabilities: (1) market approach; (2) income approach; and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset.

The carrying amounts of cash and cash equivalent, restricted cash, short-term investment, accounts receivable, amounts due from and due to related parties, accounts payable and short-term borrowings approximate their fair values because of their generally short maturities. The carrying amount of long-term borrowings and long-term investment approximate their fair values since they bear interest rates which approximate market interest rates.

The Group measured the fair value of its warrant liability on a recurring basis using significant unobservable (Level 3) inputs as of December 31, 2019. The valuation technique, inputs and corresponding impact to the fair value are as follows:

Financial instrument	Valuation technique	Unobservable input	Estimation
Warrant liability	Black-Scholes option pricing model	Volatility for Black-Scholes option pricing model	45%
		Market value of the underlying Series C Preferred Shares	US$12.08

The following table presents a reconciliation of all financial instruments measured at fair value on a recurring basis using Level 3 unobservable inputs:

	Warrant liability RMB
Balance as of December 31, 2018	—
Recognized during the year ended December 31, 2019	19,821
Fair value change	2,839
Foreign exchange translation	843
Balance as of December 31, 2019	23,503
The amount of total loss for the year ended December 31, 2019 included in losses	2,839

The Group did not transfer any assets or liabilities in or out of Level 3 during the year ended December 31, 2019.

The Group had no financial assets and liabilities measured and recorded at fair value on a nonrecurring basis as of December 31, 2018 and 2019.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories consist of raw materials, work in progress and finished goods which are stated at the lower of cost or net realizable value. Cost is determined using the weighted average method. Adjustments to reduce the cost of inventory to its net realizable value are made, if required, for decreases in sales price, obsolescence, or similar reductions in the estimated net realizable value; and are recorded in cost of sales.

Equity method investment

Equity method investments represent investments in entities in which the Group can exercise significant influence but does not own a majority equity interest or control are accounted for using the equity method of accounting in accordance with ASC Subtopic 323-10, *Investments-Equity Method and Joint Ventures: Overall*. Under the equity method, the Group initially records its investment at cost and prospectively recognizes its proportionate share of each equity investee's net profit or loss into its consolidated statements of operations. The difference between the cost of the equity investee and the amount of the underlying equity in the net assets of the equity investee is recognized as equity method goodwill included in equity method investments on the consolidated balance sheets. The Group evaluates its equity method investments for impairment under ASC 323-10. An impairment loss on the equity method investments is recognized in the consolidated statements of comprehensive loss when the decline in value is determined to be other-than-temporary.

In January 2017, the Group acquired for 20.29% equity interest in EaSuMed Holding Ltd. with an amount of US$363. The Group exercised significant influence over the investee with its one seat on the board of directors and accounted for its investment under the equity method. The Group recognized loss from equity method investment of RMB63, RMB422 and RMB230 (US$32) for the years ended December 31, 2017, 2018 and 2019, respectively. No impairment loss was recognized for the years presented.

Property and equipment, net

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Category	**Estimated Useful Life**
Machinery and laboratory equipment	5 years
Vehicles	6 years
Furniture and tools	5 years
Electronic equipment	3 years
Leasehold improvements	Lesser of lease terms or estimated useful lives of the assets

Repair and maintenance costs are charged to expense as incurred, whereas the cost of renewals and betterments that extend the useful lives of property and equipment are capitalized as additions to the related assets. Retirements, sales and disposals of assets are recorded by removing the cost and accumulated depreciation from the asset and accumulated depreciation accounts with any resulting gain or loss reflected in the consolidated statements of comprehensive loss.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment, net (continued)

Direct costs that are related to the construction of property and equipment, and incurred in connection with bringing the assets to their intended use are capitalized as construction in progress. Construction in progress is transferred to specific property and equipment, and the depreciation of these assets commences when the assets are ready for their intended use.

Intangible assets, net

Intangible assets are carried at cost less accumulated amortization and any recorded impairment. Intangible assets with finite useful lives are amortized using a straight-line method of amortization that reflects the estimated pattern in which the economic benefits of the intangible asset are to be consumed. The estimated useful life for the intangible assets is as follows:

Category	**Estimated Useful Life**
Computer software	3 years

The Group does not have any indefinite-lived intangible assets.

Impairment of long-lived assets

The Group evaluates the recoverability of its long-lived assets, including fixed assets and intangible assets with finite lives, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. When these events occur, the Group measures impairment by comparing the carrying amount of the assets to the estimated undiscounted future cash flows expected to result from the use of the assets and their eventual disposition. If the sum of the expected undiscounted cash flows is less than the carrying amount of the assets, the Group recognizes an impairment loss based on the excess of the carrying amount of the assets over their fair value. Fair value is generally determined by discounting the cash flows expected to be generated by the assets, when the market prices are not readily available. The adjusted carrying amount of the assets is the new cost basis and is depreciated over the assets' remaining useful lives. Long-lived assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities.

No impairment loss was recorded for the years ended December 31, 2017, 2018 and 2019.

Segment reporting

In accordance with ASC 280, *Segment Reporting*. The Group's chief operating decision maker ("CODM") has been identified as the Chief Executive Officer. The Group's CODM evaluates segment performance based on revenues and gross profit by the operating segments of central laboratory business, in-hospital business and pharma research and development services. No geographical segments are presented as substantially all of the Group's long-lived assets are located in the PRC and substantially all of the Group's revenues are derived from within the PRC.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Effective January 1, 2017, the Group adopted ASU 2014-09, *Revenue from contracts with Customers (Topic 606)* using the full retrospective method. The Group derives revenues from its central laboratory business, in-hospital business and pharma research and development services. The Group recognizes revenue to depict the transfer of promised products or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those products or services. The impact of adopting the new revenue standard was not material to the Group's consolidated financial statements.

Revenue from central laboratory business

Revenue from central laboratory business is primarily generated through the sales of the Group's cancer therapy selection test, to individual patient customers. The individual patient prepays the consideration in full and the transaction price for each contract is fixed at contract inception. The patient can choose to purchase a single cancer therapy selection test or a package which consists of multiple cancer therapy selection tests of the same type or a combination of different types of cancer therapy selection tests. Each cancer therapy selection test represents a single performance obligation. Revenue is allocated to each performance obligation based on the relative standalone selling price method. The Group records revenue at a point in time, when each cancer therapy selection testing report is delivered to the patient.

The Group's cancer therapy selection packages with multiple cancer therapy selection tests of the same type ("Monitoring Packages") were launched in 2017. The Monitoring Packages expire two years from the date of purchase. Based on historical usage rates, a portion of the cancer therapy selection tests within the Monitoring Packages are not expected to be used by the patient prior to expiration, referred to as a "breakage". If the Group is expected to be entitled to a breakage amount, the expected breakage amount is recognized as revenue in proportion to the total number of testes performed for patients prior to the expiration date. If the Group is not expected to be entitled to a breakage amount due to the lack of historical experience, the expected breakage amount is recognized as revenue when the package expires. The Group evaluates its breakage estimates periodically based upon its historical experience with each type of Monitoring Packages and other factors, such as recent usage pattern prior to the expiration period. The historical usage rates may not be reflective of the actual usage rates due to changes in patients' behavior and medical advancements. The determination of whether the Group has accumulated sufficient historical experience to determine breakage amount, and changes in the actual patients' usage rates may significantly impact on the amount of breakage revenue recognized for the period. In 2019, the Group changed its estimates of the entitlement of breakage amount as the Group determined that it has accumulated sufficient historical experience to estimate breakage. The expected breakage amount is recognized as revenue over time in proportion to the usage of the test in each Monitoring Package. For the years ended December 31, 2017, 2018 and 2019, the Group recognized breakage income of nil, nil and RMB 14,723 (US$2,079), respectively. The change in estimate increased 2019 revenues from central laboratory business and reduce 2019 net loss by RMB 14,723 (US$2,079), and reduce 2019 basic and diluted loss per share by RMB0.63 (US$0.09).

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Revenue from in-hospital business

Revenue from in-hospital business is primarily generated through the sales of reagent kits and the provision of the facilitation services for the laboratory equipment sales to hospitals. For the sale of reagent kits, the Group manufactures the reagent kits and sells to the hospitals when the hospitals make a purchase order. Each reagent kit represents a single performance obligation. The Group does not provide rights of return for the reagent kits sold other than returns of defective products. Revenue is allocated to each performance obligation based on a relative standalone selling price basis. The Group records revenue on the sales of reagent kits at a point in time when the reagent kits are delivered to the hospital.

For the facilitation services, the Group purchases the laboratory equipment from third-party suppliers when the hospital makes a purchase request and resells the laboratory equipment to the hospital. The Group acts as an agent in facilitating the sales of laboratory equipment arrangements as it does not control the laboratory equipment prior to its delivery to the hospitals and does not have inventory risks. The facilitation services for each piece of laboratory equipment represents a single performance obligation. The Group records revenue on a net basis at the point in time when the Group has completed its facilitation services.

Revenue from pharma research and development services

The Group provides pharma research and development services to the pharmaceutical companies for their development of new drugs for targeted therapies and immunotherapies on various types of cancers and to the hospitals for their studies on cancer diagnosis and treatment. The pharma research and development services include a range of cancer therapy selection testing services, analytical validation services and project management services. The Group will deliver an analysis report upon the completion of services. The testing services, analytical validation services and project management services are not distinct within the context of the contract because the Group is using these services as inputs to produce the analysis report. The Group recognizes services revenue over the period in which these services are provided because the Group does not create an asset with alternative use to the Group and the Group has an enforceable right to payment for the performance completed to date. The Group recognizes revenue using an output method to measure progress that utilizes cancer therapy selection testing performed to-date as its measure of progress.

Pharmaceutical companies and hospitals may also separately engage the Group to perform multiple cancer therapy selection tests without an analysis of the test results. Each therapy selection test is capable of being distinct and separately identifiable from other promises in the contracts and therefore, represent distinct performance obligations. Revenue is allocated to each cancer therapy selection test using a relative standalone selling price basis. The Group records revenue at a point in time, when each cancer therapy selection test result is delivered to the pharmaceutical companies and hospitals.

Contract assets and liabilities

When the Group satisfies its performance obligations by providing products or services to a customer before the customer pays consideration or before payment is due, the Group recognizes its rights to consideration as a

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Contract assets and liabilities (Continued)

contract asset, which is presented as "contract assets" on the consolidated balance sheets. The contract assets are transferred to the receivables when the rights become unconditional. When a customer pays consideration before the Group provides products or services, the Group records its obligation as a contract liability, which is presented as "deferred revenue" on the consolidated balance sheets.

Deferred revenue decreased by RMB6,307 (US$891), due to the acceleration in revenue recognition caused by the changes in accounting estimates for the revenue recognition of the Monitoring Package. The Group receives payments from customers based on a billing schedule as established in contracts. Revenue recognized that was included in deferred revenue balance at the beginning of the year was RMB5,808, RMB26,587 and RMB41,255 (US$5,826) for the years ended December 31, 2017, 2018 and 2019, respectively. No impairment loss was recorded on the Group's contract assets for the years presented.

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially satisfied) as of December 31, 2018 and 2019 were RMB66,141 and RMB56,110 (US$7,924), respectively. The Group expects to recognize the related revenue within one year.

Value added taxes and related surcharges

The Group is subject to value added tax (the "VAT") that is imposed on and concurrent with the revenues earned for services provided in the PRC. The Group's applicable value added tax rate is 6% or 17%. Pursuant to further VAT reform implemented from May 1, 2018, all industries that were previously subject to VAT at a rate of 17% were adjusted to 16% and further adjusted to 13% beginning April 2019.

The Group excludes VAT from the measurement of transaction price because the Group is collecting the VAT on behalf of tax authorities. The Group is also subject to surcharges on VAT payments in accordance with PRC law, which is recorded as cost of revenue. Surcharges are recorded when incurred because they are not imposed on and concurrent with a specific revenue arrangement and were immaterial for the years ended December 31, 2017, 2018 and 2019, respectively.

Research and development expenses

Research and development expenses primarily consist of salaries and benefits for research and development personnel and the cost of materials for research and development projects and products. The Group expenses research and development costs as they are incurred.

Government subsidies

Government subsidies primarily consist of financial subsidies received from provincial and local governments for operating a business in their jurisdictions and compliance with specific policies promoted by the local governments. The government subsidies with certain operating conditions are recorded as liabilities when

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government subsidies (continued)

received and will be recorded as a reduction of the related expense when the conditions are met. The government subsidies with no further conditions to be met are recorded as other income when received. Where the grant relates to an asset, it is recognized as deferred government grant and released to the consolidated statements of comprehensive loss in equal amounts over the expected useful life of the related asset as a reduction of the related expense.

Leases

Leases are classified at the inception date as either a capital lease or an operating lease. The Group assesses a lease to be a capital lease if any of the following conditions exists: a) ownership is transferred to the lessee by the end of the lease term, b) there is a bargain purchase option, c) the lease term is at least 75% of the property's estimated remaining economic life or d) the present value of the minimum lease payments at the beginning of the lease term is 90% or more of the fair value of the leased property to the lessor at the inception date. A capital lease is accounted for as if there was an acquisition of an asset and an incurrence of an obligation at the inception of the lease.

All other leases are accounted for as operating leases wherein rental payments are expensed on a straight-line basis over their respective lease terms. The Group leases certain office space and network equipment under non-cancelable operating lease agreements. Certain lease agreements contain rent holidays. Rent holidays are considered in determining the straight-line rent expense to be recorded over the lease term. The lease term begins on the date of initial possession of the leased property for purpose of recognizing lease expense on straight-line basis over the term of the lease.

Comprehensive loss

Comprehensive loss is defined as the changes in equity of the Group during a period from transactions and other events and circumstances excluding transactions resulting from investments by shareholders and distributions to shareholders. Accumulated other comprehensive (loss) income of the Group includes foreign currency translation adjustments related to the Group and its overseas subsidiaries, whose functional currency is US$.

Income taxes

The Group follows the liability method of accounting for income taxes in accordance with ASC 740, *Income Taxes* ("ASC 740"). Under this method, deferred tax assets and liabilities are determined based on the difference between the financial reporting and tax bases of assets and liabilities using enacted tax rates that will be in effect in the period in which the differences are expected to reverse. The Group records a valuation allowance to offset deferred tax assets if based on the weight of available evidence, it is more likely than not that some portion, or all, of the deferred tax assets will not be realized. The effect on deferred taxes of a change in tax rate is recognized in tax expense in the period that includes the enactment date of the change in tax rate.

The Group evaluates its uncertain tax positions using the provisions of ASC 740, which prescribes a recognition threshold that a tax position is required to meet before being recognized in the consolidated financial statements.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes (continued)

The Group recognizes in the consolidated financial statements the benefit of a tax position which is "more likely than not" to be sustained under examination based solely on the technical merits of the position assuming a review by tax authorities having all relevant information. Tax positions that meet the recognition threshold are measured using a cumulative probability approach, at the largest amount of tax benefit that has a greater than fifty percent likelihood of being realized upon settlement. It is the Group's policy to recognize interest and penalties related to unrecognized tax benefits, if any, as a component of income tax expenses.

Share-based compensation

The Group applies ASC 718, *Compensation — Stock Compensation* ("ASC 718"), to account for its employee share-based payments awards granted to certain directors, executives and employees. Share options granted are classified as equity awards and are measured based on the grant date fair value of the equity instrument issued, and recognized as compensation costs using the straight-line method over the requisite service period, which is generally the vesting period of the options, with a corresponding impact reflected in additional paid-in capital. The Group early adopted ASU No. 2016-09, Compensation-Stock Compensation (Topic 718): Improvement to Employee Share-based Payment Accounting ("ASU 2016-09") and accounts for forfeitures as they occur.

Loss per share

In accordance with ASC 260, *Earnings Per Share*, basic loss per share is computed by dividing net loss attributable to ordinary shareholders by the weighted average number of unrestricted ordinary shares outstanding during the year using the two-class method. Under the two-class method, net loss is allocated between ordinary shares and other participating securities based on dividends declared (or accumulated) and participating rights in undistributed earnings as if all the earnings for the reporting period had been distributed. The Company's convertible preferred shares are participating securities because they are entitled to receive dividends or distributions on an as converted basis. Diluted loss per share is calculated by dividing net loss attributable to ordinary shareholders, as adjusted for the effect of dilutive ordinary equivalent shares, if any, by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the period. Ordinary equivalent shares include ordinary shares issuable upon the conversion of the convertible preferred shares using the if-converted method, and ordinary shares issuable upon the exercise of share options, using the treasury stock method. Ordinary share equivalents are excluded from the computation of diluted earnings per share if their effects are anti-dilutive. For the periods presented herein, the computation of basic loss per share using the two-class method is not applicable as the Company is in a net loss position and the participating securities do not have contractual rights and obligations to share in the losses of the Company.

Pro forma information (unaudited)

Upon the completion of the Qualified Initial Public Offering ("IPO"), the outstanding preferred shares will automatically be converted into Class A ordinary shares on a 1:1 basis. The ordinary shares owned by Mr. Yusheng Han will be converted into Class B ordinary shares. Unaudited pro forma loss per share is computed using the weighted-average number of ordinary shares outstanding as of December 31, 2019, and

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pro forma information (unaudited) (continued)

assumes the automatic conversion of all of the Company's convertible preferred shares into ordinary stock upon the closing of the Company's Qualified IPO, as if it had occurred on January 1, 2019.

Employee defined contribution plan

As stipulated by the regulations of the PRC, full-time employees of the Group are entitled to staff welfare benefits including medical care, welfare subsidies, unemployment insurance and pension benefits through a PRC government-mandated multi-employer defined contribution plan. The Group is required to accrue for these benefits based on certain percentages of the qualified employees' salaries. The Group is required to make contributions to the plans out of the amounts accrued. The PRC government is responsible for the medical benefits and the pension liability to be paid to these employees and the Group's obligations are limited to the amounts contributed. The Group has no further payment obligations once the contributions have been paid. The Group recorded employee benefit expenses of RMB14,252, RMB20,566 and RMB29,825 (US$4,212) for the years ended December 31, 2017, 2018 and 2019, respectively.

Modification of redeemable convertible preferred shares

The Group assesses whether an amendment to the terms of its redeemable convertible preferred shares is an extinguishment or a modification using the fair value model. If the fair value of the redeemable convertible preferred shares immediately after the amendment changes by more than ten percent from the fair value of the redeemable convertible preferred shares immediately before the amendment, the amendment is considered an extinguishment. An amendment that does not meet this criterion is a modification. When redeemable convertible preferred shares are extinguished, the difference between the fair value of the consideration transferred to the redeemable convertible preferred shareholders and the carrying amount of the redeemable convertible preferred shares (net of issuance costs) is treated as a deemed dividend to the redeemable convertible preferred shareholders. When redeemable convertible preferred shares are modified, the increase of the fair value immediately after the amendment is treated as a deemed dividend to the redeemable convertible preferred shareholders. Modifications that result in a decrease in the fair value of the redeemable convertible preferred shares are not recognized.

Concentration of risks

Concentration of credit risk

As of December 31, 2018 and 2019, the aggregate amount of cash and cash equivalents, restricted cash, short-term investment and long-term investment of RMB127,276 and RMB424,243 (US$59,915), respectively, were held at major financial institutions located in the PRC, and US$706 and US$3,778 (RMB26,358), respectively, were deposited with major financial institutions located outside the PRC. Management believes that these financial institutions are of high credit quality and continually monitors the credit worthiness of these financial institutions.

Accounts receivables are typically unsecured and denominated in RMB and are derived from revenues earned from reputable customers. No customer accounted for more than 10% of the Group's total accounts receivable

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of risks (continued)

Concentration of credit risk (Continued)

balance as of December 31, 2018. As of December 31, 2019, the Group had two customers with a receivable balance exceeding 10% of the total accounts receivable balance. The Group manages credit risk of accounts receivable through ongoing monitoring of the outstanding balances.

Concentration of suppliers

A significant portion of the Group's equipment and raw materials were purchased from its two suppliers, who collectively accounted for 53%, 52% and 67% of the Group's total equipment and raw materials purchases for the years ended December 31, 2017, 2018 and 2019, respectively.

Business and economic risk

The Group believes that changes in any of the following areas could have a material adverse effect on the Group's future consolidated financial position, results of operations or cash flows: changes in the overall demand for services; competitive pressures due to new entrants; advances and new trends in new technologies and industry standards; changes in certain strategic relationships; regulatory considerations and risks associated with the Group's ability to attract employees necessary to support its growth. The Group's operations could also be adversely affected by significant political, regulatory, economic and social uncertainties in the PRC.

Currency convertibility risk

Substantially all of the Group's businesses are transacted in RMB, which is not freely convertible into foreign currencies. On January 1, 1994, the PRC government abolished the dual rate system and introduced a single rate of exchange as quoted daily by the People's Bank of China (the "PBOC"). However, the unification of the exchange rates does not imply that the RMB may be readily convertible into US$ or other foreign currencies. All foreign exchange transactions continue to take place either through the PBOC or other banks authorized to buy and sell foreign currencies at the exchange rates quoted by the PBOC. Approval of foreign currency payments by the PBOC or other institutions requires submitting a payment application form together with suppliers' invoices, shipping documents and signed contracts.

Foreign currency exchange rate risk

From July 21, 2005, the RMB is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. For U.S. dollar against RMB, there was depreciation of approximately 6.3%, appreciation of approximately 5.7% and 1.3%, in the years ended December 31, 2017, 2018 and 2019 respectively. 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.

The functional currency and the reporting currency of the Company are the US$ and the RMB, respectively. Most of the revenues and costs of the Group are denominated in RMB, while a portion of cash and cash equivalents are denominated in US$. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the US$ in the future. Any significant

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of risks (continued)

Foreign currency exchange rate risk (Continued)

fluctuation of the valuation of RMB may materially affect the Group's cash flows, revenues, earnings and financial position, and the value of any dividends payable on the ADS in US$.

Reverse share split

On January 30, 2020, the Company's board of directors and shareholders approved an amended and restated memorandum and articles of association of the Company to effect a reverse split of shares of all issued and unissued shares of the Company (including stock options issued or issuable to employees and directors) as well as issued and outstanding Preferred Shares, on a 2-for-1 basis (the "Reverse Share Split"). The par values and the authorized shares of the ordinary shares, preferred shares were adjusted as a result of the Reverse Share Split. The Reverse Share Split became effective on January 30, 2020. All ordinary shares, preferred shares, and related per share amounts contained in the financial statements have been retroactively adjusted to reflect the Reverse Share Split for all periods presented.

Recently issued accounting pronouncements

The Group is an emerging growth company ("EGC") as defined by the Jumpstart Our Business Startups Act ("JOBS Act"). The JOBS Act provides that an EGC can take advantage of extended transition periods for complying with new or revised accounting standards. This allows an EGC to delay adoption of certain accounting standards until those standards would otherwise apply to private companies. The Group elected to take advantage of the extended transition periods. However, this election will not apply should the Group cease to be classified as an EGC.

In February 2016, the FASB issued ASU No. 2016-02 ("ASU 2016-02"), *Leases* (Topic 842), which modifies lease accounting for lessees to increase transparency and comparability by recording lease assets and liabilities for operating leases and disclosing key information about leasing arrangements. In July 2018, the FASB issued ASU No. 2018-10 ("ASU 2018-10"), *Codification Improvements to Topic 842, Leases*, which clarifies certain aspects of the guidance issued in ASU 2016-02; and ASU No. 2018-11 ("ASU 2018-11"), *Leases (Topic 842): Targeted Improvements*, which provides entities with an additional (and optional) transition method to adopt the new leases standard. Under this new transition method, an entity initially applies the new leases standard at the adoption date and recognizes a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. Consequently, an entity's reporting for the comparative periods presented in the financial statements in which it adopts the new leases standard will continue to be in accordance with current GAAP (Topic 840, Leases). In November 2019, the FASB issued ASU No. 2019-10, *Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842), Effective Dates* ("ASU 2019-10"), which extends the adoption date for certain registrants. The updated guidance is effective for the Group for annual reporting periods beginning January 1, 2021 and interim periods within annual periods beginning January 1, 2022. Early adoption is permitted. The Group does not plan to early adopt the new lease standards and the Group expects that applying the ASU 2016-02 would materially increase the assets and liabilities due to the recognition of right-of-use assets and

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently issued accounting pronouncements (continued)

lease liabilities on its consolidated balance sheets, with an immaterial impact on its consolidated statements of comprehensive loss and consolidated statements of cash flows.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"). ASU 2016-13 is intended to improve financial reporting by requiring timelier recording of credit losses on loans and other financial instruments held by financial institutions and other organizations. This ASU requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This ASU requires enhanced disclosures to help investors and other financial statement users better understand significant estimates and judgments used in estimating credit losses, as well as the credit quality and underwriting standards of the Group's portfolio. These disclosures include qualitative and quantitative requirements that provide additional information about the amounts recorded in the financial statements. In November 2019, the FASB issued ASU 2019-10, which extends the adoption date for certain registrants. The amendments in ASU 2016-13 are effective for fiscal years beginning after December 15, 2022, including interim periods within fiscal years beginning after December 15, 2023. The Group is in the process of evaluating the impact of adoption of this guidance on its consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-07, *Compensation—Stock Compensation (Topic 718): Improvements to nonemployee share-based payment accounting* ("ASU 2018-07"). The amendments in this update expand the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. The amendments are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted, but no earlier than an entity's adoption date of Topic 606. The Group is in the process of evaluating the impact of adoption of this guidance on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement* ("ASU 2018-13"). ASU 2018-13 modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. The amendments in ASU 2018-13 will be effective for the Group beginning after January 1, 2020 including interim periods within the year. Early adoption is permitted. An entity is permitted to early adopt any removed or modified disclosures upon issuance of ASU No. 2018-13 and delay adoption of the additional disclosures until their effective date. The Group does not plan to early adopt ASU 2018-13 and is currently in the process of evaluating the impact of adoption of this guidance on its consolidated financial statements.

3 SEGMENT REPORTING

For the years ended December 31, 2017, 2018 and 2019, the Group had three operating segments, including central laboratory business, in-hospital business and pharma research and development services. The operating segments also represented the reporting segments. The Group's CODM assess the performance of the operating segments based on the measures of revenues, cost of revenue and gross profit by central laboratory business, in-hospital business and pharma research and development services. Other than the information provided below, the CODM do not use any other measures by segments.

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3 SEGMENT REPORTING (CONTINUED)

Summarized information by segments for the years ended December 31, 2017, 2018 and 2019 is as follows:

	For the year ended December 31, 2017			
	Central laboratory business	In-hospital business	Pharma research and development services	Total
	RMB	RMB	RMB	RMB
Revenues:				
Revenues from services	88,035	6,318	12,398	106,751
Revenues from sales of products	—	4,415	—	4,415
Total revenues	**88,035**	**10,733**	**12,398**	**111,166**
Cost of revenues:	**(31,160)**	**(1,854)**	**(6,456)**	**(39,470)**
Gross profit	**56,875**	**8,879**	**5,942**	**71,696**

	For the year ended December 31, 2018			
	Central laboratory business	In-hospital business	Pharma research and development services	Total
	RMB	RMB	RMB	RMB
Revenues:				
Revenues from services	161,458	4,506	14,223	180,187
Revenues from sales of products	—	28,680	—	28,680
Total revenues	**161,458**	**33,186**	**14,223**	**208,867**
Cost of revenues:	**(56,241)**	**(13,120)**	**(4,447)**	**(73,808)**
Gross profit	**105,217**	**20,066**	**9,776**	**135,059**

	For the year ended December 31, 2019				
	Central laboratory business	In-hospital business	Pharma research and development services	Total	
	RMB	RMB	RMB	RMB	US$
Revenues:					
Revenues from services	276,254	(1,476)	17,745	292,523	41,312
Revenues from sales of products	—	89,154	—	89,154	12,591
Total revenues	**276,254**	**87,678**	**17,745**	**381,677**	**53,903**
Cost of revenues:	**(73,689)**	**(29,506)**	**(5,148)**	**(108,343)**	**(15,301)**
Gross profit	**202,565**	**58,172**	**12,597**	**273,334**	**38,602**

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4 ACCOUNTS RECEIVABLE, NET

	As of December 31,		
	2018	2019	
	RMB	RMB	US$
Accounts receivable	36,634	101,934	14,396
Allowance for doubtful accounts	(1,827)	(13,112)	(1,852)
	34,807	88,822	12,544

The following table presents the movement in the allowance for doubtful accounts:

	As of December 31,			
	2017	2018	2019	
	RMB	RMB	RMB	US$
Balance at the beginning of the year	153	920	1,827	258
Provisions	767	907	11,932	1,685
Write-offs	—	—	(647)	(91)
Balance at the end of the year	920	1,827	13,112	1,852

5 INVENTORIES

	As of December 31,		
	2018	2019	
	RMB	RMB	US$
Raw materials	31,085	24,877	3,514
Work in progress	10,103	19,182	2,709
Finished goods	7,867	14,057	1,985
	49,055	58,116	8,208

6 PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and other current assets consist of the following:

	As of December 31,		
	2018	2019	
	RMB	RMB	US$
Deductible input VAT	29,231	37,254	5,261
Prepayments	21,774	14,217	2,008
Deferred IPO costs	—	9,686	1,368
Deposits	6,124	2,663	376
Interests receivables	1,315	7,194	1,016
Others	1,459	1,326	187
	59,903	72,340	10,216

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7 PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following:

	As of December 31,		
	2018	2019	
	RMB	RMB	US$
Machinery and laboratory equipment	84,788	120,478	17,015
Vehicles	2,234	2,296	324
Furniture and tools	6,374	7,541	1,065
Electronic equipment	17,488	26,708	3,772
Leasehold improvements	19,315	24,653	3,482
Construction in progress	2,842	674	95
	133,041	182,350	25,753
Accumulated depreciation	(63,459)	(93,036)	(13,139)
	69,582	89,314	12,614

Depreciation expenses recognized for the years ended December 31, 2017, 2018 and 2019 were RMB21,030, RMB24,498 and RMB30,819 (US$4,352), respectively.

The Group entered into capital leases for certain laboratory equipment, electronic equipment and furniture and tools during the years ended December 31, 2018 and 2019. The gross amount of laboratory equipment, electronic equipment and furniture and tools under capital leases were RMB9,451, RMB1,101 and nil, respectively, as of December 31, 2018. The gross amount of laboratory equipment, electronic equipment and furniture and tools under capital leases were RMB14,794 (US$2,089), RMB3,048 (US$430) and RMB402 (US$57), respectively, as of December 31, 2019. The accumulated depreciation on the assets under capital lease were RMB416 and RMB3,608 (US$510) as of December 31, 2018 and 2019, respectively.

As of December 31, 2019, future minimum capital lease payments were as follows:

	RMB	US$
For the years ending:		
2020	5,744	811
2021	5,112	722
Total minimum capital lease payments	10,856	1,533
Less: interest component	(1,147)	(162)
Present value of minimum capital lease payments	9,709	1,371

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8 INTANGIBLE ASSETS, NET

Intangible assets consist of the following:

	As of December 31,		
	2018	2019	
	RMB	RMB	US$
Computer software	1,242	1,643	232
Accumulated amortization	(760)	(1,300)	(184)
	482	343	48

Amortization expense recognized for the years ended December 31, 2017, 2018 and 2019 were RMB283, RMB181 and RMB540 (US$77), respectively. As of December 31, 2019, estimated amortization expense of the existing intangible assets for each of the next five years is RMB175, RMB137, RMB31, nil and nil, respectively.

9 ACCRUED LIABILITIES AND OTHER CURRENT LIABILITIES

Accrued liabilities and other current liabilities consist of the following:

	As of December 31,		
	2018	2019	
	RMB	RMB	US$
Accrued payroll and welfare	16,447	25,366	3,583
Interests payable	2,225	593	84
Accrued reimbursement expenses	3,970	8,937	1,262
Professional service fees	1,195	9,707	1,371
Other taxes and surcharge	1,246	6,380	904
Others	3,131	3,076	434
	28,214	54,059	7,635

10 BORROWINGS

Short-term borrowings

The short-term borrowings of the Group are RMB denominated borrowings obtained from two third-party individuals with interest rate of 5% per annum. These borrowings are unsecured and repayable on demand.

Long-term borrowings

In April 2017, the Group entered into a two-year loan agreement with China Merchants Bank, pursuant to which the Group is entitled to borrow up to RMB50,000 with a fixed annual interest rate of 4.28%. In April 2017, the Group drew down RMB30,000 and repaid it in April 2019. The loan was intended for general working capital purposes. As of December 31, 2018, total amount of RMB30,000 repayable within twelve months was classified as "Current portion of long-term borrowing".

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10 BORROWINGS (CONTINUED)

Long-term borrowings (Continued)

In July 2018, the Group entered into a banking facility agreement with SPD Silicon Valley Bank, pursuant to which the Group was entitled to borrow up to RMB80,000 at varying rates. The first RMB 10,000 of the facility had an annual interest rate of 6.5% and secured by accounts receivable of RMB34,807. The remaining RMB70,000 of the facility had an annual interest rate of 7.0%. The loan was intended for general working capital purposes. In 2018, the Group drew down RMB77,455 which is due in July 2020. In July 2019, the Group early repaid the principal of RMB46,966 and the associated interests. As of December 31, 2019, total amount of RMB30,489 repayable within twelve months was classified as "Current portion of long-term borrowing".

In September 2019, the Group entered into a banking facility agreement for a term of two years with China Merchants Bank, pursuant to which the Group is entitled to borrow up to RMB33,000 at an interest rate separately agreed with the bank at each time of drawdown. The loan was intended for general working capital purposes. In December 2019, the Group drew down RMB14,720 at a fixed annual interest rate of 4.28% which is due in September 2021.

In September 2016, the Group entered into a 3-year financing arrangement with Zhongguancun Technology Leasing Co., Ltd. bearing an interest rate of 6.1%, secured by certain machinery and laboratory equipment with original cost of RMB23,181.

In May 2018, the Group entered into two 3-year financing arrangements with Zhongguancun Technology Leasing Co., Ltd. bearing an interest rate of 5.8%, secured by certain machinery and laboratory equipment with original cost of RMB32,405.

Future maturities of long-term borrowing

As of December 31, 2019, aggregate future maturities of the Group's long-term borrowing were as follows:

	RMB	US$
2020	37,800	5,338
2021	18,380	2,596
Total	56,180	7,934

11 CONVERTIBLE NOTES

Series A+ convertible notes

In August 2015, the Group issued four convertible notes for an aggregate principal amount of US$7,900. In March 2016, the Group issued an additional convertible note for an aggregate principal amount of US$100 (collectively, the "Series A+ Notes"). The key features of the Series A+ Notes are as follows:

Interest

The Series A+ Notes bear a simple interest a rate of 15% annually on any unpaid principal.

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11 CONVERTIBLE NOTES (CONTINUED)

Conversion Features and Rates

The Series A+ Notes are convertible into the Company's Series B convertible preferred shares ("Series B Preferred Shares") at the option of the holders upon completion of the sale of the Company's Series B Preferred Shares (the "Series B Financing"). The number of the Series B Preferred Shares to be issued upon such conversion is equal to the principal and all accumulated but unpaid interest divided by the price per share of the equity securities equal to 95% of the price per share applicable to other investors participating in the Series B Financing.

Redemption

The outstanding principal and any accrued but unpaid interest will become due and payable in full at the earlier of i) the first anniversary of the issuance date or ii) upon the occurrence of any of events of default. The redemption date will be automatically extended by six months if the Group does not complete its Series B Financing by the first anniversary of the issuance date.

Series A+ supplementary convertible note

In August 2016, the Group issued a convertible note ("Series A+ Supplementary Note") for a principal amount of US$8,000. The key features of the Series A+ Supplementary Note were identical to the Series A+ Notes, except the Series A Supplementary Notes accrued interest at 20% per annum and there was no discount on the per share conversion price.

Series B Convertible Note

In January 2017 and May 2017, the Group issued two convertible notes ("Series B Notes") for an aggregate principal amount of US$17,000. The key features of the Series B Notes are as follows:

Interest

The Series B convertible notes bears simple interest at 9% on any unpaid principal.

Conversion Features and Rates

The Series B Notes is convertible into the Group's Series C convertible preferred shares ("Series C Preferred Shares") at the option of the holders upon completion of the sale of the Group's Series C Preferred Shares (the "Series C Financing"). The number of the Series C Preferred Shares to be issued upon such conversion is equal to the principal and all accumulated but unpaid interest divided by the price per share of the equity securities equal to 95% of the price per share applicable to other investors participating in the Series C Financing.

Redemption

The outstanding principal and any accrued but unpaid interest will become due and payable in full at the earlier of i) the second anniversary of the issuance date or ii) upon the occurrence of any of events of default. The

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11 CONVERTIBLE NOTES (CONTINUED)

Redemption (Continued)

redemption date will be automatically extended by six months if the Group does not complete its Series C Financing by the second anniversary of the issuance date.

Accounting for the Series A+, Series A+ Supplementary and Series B Notes

The Series A+, Series A+ Supplementary and Series B Notes (collectively, the "Convertible Notes") were recorded as liabilities carried at amortized cost. As the Convertible Notes will be share settled by a number of shares with a fair value equal to a fixed settlement amount, the settlement is not viewed as a conversion feature but as a redemption feature because the settlement amount does not vary with the share price. The in-substance redemption feature did not require bifurcation because it is clearly and closely related to the debt host. Since there is no embedded conversion feature, no beneficial conversion feature ("BCF") was recorded. There were no other embedded derivatives that are required to be bifurcated.

Conversion

In January 2017, certain holders converted the Series A+ Notes and the Series A+ Supplementary Note with aggregate principal and accrued interest of RMB110,485 into 4,063,310 Series B Preferred Shares. No gain or loss was recognized from the conversion.

In January 2019, the holder converted the Series B Notes with aggregate principal and accrued interest of RMB127,982 into 2,033,485 Series C Preferred Shares. No gain or loss was recognized from the conversion.

Repayment

In January 2017, the Group repaid the remaining Series A+ Note with the aggregate principal and unpaid interest of US$2,502.

12 CONVERTIBLE PREFERRED SHARES AND WARRANT

In June 2014, the Group issued 22,714,874 Series A redeemable convertible preferred shares ("Series A Preferred Shares") to certain investors at US$0.24 per share for a total cash consideration of US$5,459.

In August 2015 and August 2016, the Group issued 10,599,927 Series A+ redeemable convertible preferred shares ("Series A+ Preferred Shares") in aggregate to certain investors at US$1.26 per share for a total consideration of US$13,356. In January 2017, the Group issued additional 130,511 Series A+ Preferred Shares to an existing Series A+ Preferred Share holder at US$1.66 per share for total consideration of US$217.

In January 2017, the Group issued 7,020,059 Series B redeemable convertible preferred shares ("Series B Preferred Shares") to certain investors at US$3.96 per share for a total consideration of US$27,812. Concurrently the Group issued 4,063,310 Series B Preferred Shares to certain investors upon conversion of the Group's Series A+ convertible notes (note 11).

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12 CONVERTIBLE PREFERRED SHARES AND WARRANT (CONTINUED)

In May 2017 and December 2018, the Group issued 1,685,348 Series B Preferred Shares in aggregate at US$3.96 per share for a total consideration of US$6,677.

In January 2019, the Group issued 10,238,825 Series C redeemable convertible preferred shares ("Series C Preferred Shares") to certain investors at US$9.39 per share for total consideration of US$96,144. Concurrently, the Group issued 2,033,485 Series C Preferred Shares to certain investors upon conversion of the Group's Series B convertible notes (note 11). In October 2019, the Group issued 231,198 Series C Preferred Shares to several investors for a total consideration of US$2,171 at US$9.39 per share. In December 2019, the Group issued 21,299 Series C Preferred Shares to an investor for total consideration of US$200 at US$9.39 per share.

The number of issued and outstanding preferred shares and the issuance price per share presented in the financial statements were retrospectively adjusted upon the Company's 2 for 1 Reverse Share Split.

The key features of the Series A, Series A+, Series B and Series C Preferred Shares (collectively the "Preferred Shares") are as follows:

Dividends

Each holder of the Preferred Shares (collectively, the "Preferred Shareholders") will be entitled to receive on a pari-passu basis, non-cumulative dividends when declared by the Board of Directors prior and in preference to ordinary shareholders. After the dividends to the relating to the Preferred Shares have been paid in full, each ordinary shareholder will be entitled to receive dividends payable in cash out of any remaining funds that are legally available when declared by the Board of Directors. No dividend or other distribution will be made or declared on the Company's ordinary shares or any future series of preferred shares, unless and until an equivalent dividend is declared or paid on each outstanding Preferred Shares on an as-if converted basis.

No dividend was declared during the years presented.

Voting

Each Preferred Shareholder is entitled to the number of votes equal to the number of common shares into which such Preferred Shares could be converted at the voting date. Preferred shareholders will vote together with common shareholders, and not as a separate class of series, on all matters put before the shareholders.

Liquidation preference

In the event of any liquidation, dissolution or winding up of the Company or any deemed liquidation event defined as the liquidation, dissolution, acquisition, change of control or winding-up of the Company, the assets or surplus funds of the Company available for distribution will be distributed as follows:

The Series C preferred shareholders are entitled to receive an amount equal to 120% of the Series C Issue Price (as adjusted for share splits, share dividends or similar transactions), plus all accrued but unpaid dividends, in preference to any distribution to the holders of the Series A, Series A+ and Series B preferred shares and the common shareholders of the Company.

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12 CONVERTIBLE PREFERRED SHARES AND WARRANT (CONTINUED)

Liquidation preference (Continued)

After the payment to the holders of Series C preferred shares, the Series B preferred shareholders are entitled to receive an amount equal to 150% of the Series B Issue Price (as adjusted for share splits, share dividends or similar transactions), plus all accrued but unpaid dividends, in preference to any distribution to the holders of the Series A, Series A+ preferred shares and the common shareholders of the Company.

After the payment to the holders of Series C and Series B preferred shares, the Series A+ and Series A preferred shareholders are entitled to receive an amount equal to 150% of the Series A+ and Series A Issue Price on pari-passu basis (as adjusted for share splits, share dividends or similar transactions), respectively, plus all accrued but unpaid dividend, in preference to any distribution to the holders of the common shareholders of the Company.

After payment has been made to the Preferred Shareholders in accordance with the above, the remaining assets of the Company available for distribution to shareholders will be distributed to on pari-passu basis among the holders of common shares and holders of Preferred Shares on as converted basis.

The liquidation preference amounts for Series A, Series A+, Series B and Series C Preferred Shares were RMB50,305 (US$7,104), RMB128,275 (US$18,116), RMB520,559 (US$73,517) and RMB946,804 (US$133,714), respectively, as of December 31, 2019.

Conversion

Each Preferred Shareholder has the right, at the sole discretion of the holder, to convert at any time and from time to time, all or any portion of the Preferred Shares into common shares based on the then-effective conversion price. The initial conversion ratio shall be on a one for one basis, subject to certain anti-dilution adjustments.

All Preferred Shares are converted automatically into ordinary shares at the then effective applicable conversion price in the event of a Qualified IPO.

Redemption

The Series A Preferred Shares are redeemable at the holders' option at any time beginning on the sixth anniversary of the original Series A issue date at the redemption price equal to 200% of the original issue price plus all accrued but unpaid dividends.

The Series A+ Preferred Shares are redeemable at the holders' option at any time beginning on the sixth anniversary of the original Series A+ issue date at the redemption price equal to the original issue price (as adjusted for share splits, share dividends or similar transactions) plus 12% annual interest, and all accrued but unpaid dividends. The redemption price of the Series A Preferred Shares were modified to be the same as that of Series A+ Preferred Shares upon the issuance of Series A+ Preferred Shares.

The Series B Preferred Shares are redeemable at the holders' option at any time beginning on the fifth anniversary of the original Series B issue date at the redemption price equal to the original issue price (as

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12 CONVERTIBLE PREFERRED SHARES AND WARRANT (CONTINUED)

Redemption (Continued)

adjusted for share splits, share dividends or similar transactions) plus 12% annual interest, and all accrued but unpaid dividends. The redemption date of the Series A and A+ Preferred Shares were modified to be the same as that of Series B Preferred Shares upon the issuance of Series B Preferred Shares.

The Series C Preferred Shares are redeemable at the holders' option at any time beginning on the third anniversary of the original Series C issue date at the redemption price equal to the original issue price (as adjusted for share splits, share dividends or similar transactions) plus 12% annual interest, and all accrued but unpaid dividends.

Series C Warrant

Concurrent with the Series C Financing the Group issued a warrant to one of the Series C investors at nil consideration. The warrant allows the holder to purchase 1,064,950 Series C convertible redeemable preferred shares at the exercise price of US$9.39 per share (the "Series C Warrant"). The warrant is exercisable at any time from the issuance date and will expire at the earlier of i) the closing of the Company's Qualified IPO; or ii) upon achieving certain business goals.

Initial measurement and subsequent accounting for Preferred Shares

The Preferred Shares are initially classified as mezzanine equity in the consolidated balance sheets as these Preferred Shares may be redeemed at the option of the holders on or after an agreed upon date outside the sole control of the Group or upon a deemed liquidation event. All the Preferred Shares are initially measured at fair value. The holders of the Preferred Shares have the ability to convert the instrument into the Company's ordinary shares. The Group evaluated the embedded conversion option in the Preferred Shares to determine if there were any embedded derivatives requiring bifurcation and to determine if there were any beneficial conversion features ("BCF"). There were no embedded derivatives that are required to be bifurcated. The conversion option of the Preferred Shares is not bifurcated because the conversion option is clearly and closely related to the host equity instrument. The contingent redemption options of the Preferred Shares are not bifurcated because the underlying ordinary shares are not net settable since the Preferred Shares were neither publicly traded nor readily convertible into cash.

No BCF was recognized for the Preferred Shares as the fair value per ordinary share at the commitment date was less than the respective most favorable conversion price. The Group determined the fair value of common shares with the assistance of an independent third-party appraiser.

The amendment to the redemption price for the Series A Preferred Shares upon the issuance of the Series A+ Preferred Shares, and the amendment to the redemption date of the Series A and A+ Preferred Shares upon the issuance of the Series B Preferred Shares are accounted for as modifications as the fair values of Series A and A+ Preferred Shares immediately after the amendments were not significantly different from their respective fair values immediately before the amendment. The incremental fair value of Series A and A+ Preferred Shares as a result of the modifications was immaterial.

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12 CONVERTIBLE PREFERRED SHARES AND WARRANT (CONTINUED)

Initial measurement and subsequent accounting for Preferred Shares (Continued)

The Group concluded that the Preferred Shares are not currently redeemable, but are probable to become redeemable. The Group elected to recognize the changes in redemption value as they occur and adjust the carrying amount of the Preferred Shares to equal the redemption value at each reporting period. Accretion charges were recorded as an increase to the net loss attributable to ordinary shareholders for the years presented. The change in the carrying value of the Preferred Shares and the corresponding accretion in the periods presented are as follows:

Mezzanine equity	Series A RMB	Series A+ RMB	Series B RMB	Series C RMB	Total RMB
Balance as of December 31, 2016	44,560	96,267	—	—	140,827
Issuance of Series B preferred shares	—	1,500	—	—	1,500
Issuance of Series B preferred shares	—	—	345,039	—	345,039
Accretion of Preferred Shares	4,425	10,997	37,854	—	53,276
Balance as of December 31, 2017	48,985	108,764	382,893	—	540,642
Issuance of Series B preferred shares	—	—	2,000	—	2,000
Accretion of Preferred Shares	4,346	10,772	39,731	—	54,849
Repurchase of Preferred Shares	—	(1,373)	—	—	(1,373)
Balance as of December 31, 2018	53,331	118,163	424,624	—	596,118
Issuance of Series C preferred shares	—	—	—	766,127	766,127
Accretion of Preferred Shares	4,518	11,202	42,359	106,932	165,011
Repurchase of Preferred Shares	—	(223)	—	—	(223)
Balance as of December 31, 2019	57,849	129,142	466,983	873,059	1,527,033
Balance as of December 31, 2019 (US$)	8,170	18,238	65,951	123,299	215,658

Repurchase of preferred shares

The Group repurchased 124,985, 15,784 and 4,438 Series A+ Preferred Shares in December 2018, January 2019 and October 2019 at a consideration of RMB1,500, RMB1,000 and RMB294, respectively. The Group accounted for the difference of between the consideration paid and the fair value of the Series A+ Preferred Shares of nil, RMB611 and RMB160, respectively, as compensation expenses relating to the employee shareholder of BRT Bio Tech Limited. The Group accounted for the difference of between the fair value and the carrying value of the Series A+ Preferred Shares of RMB127, RMB216 and RMB84, respectively, as a dividend return to the preferred shareholders in the statements of shareholders' deficit.

Initial measurement and subsequent accounting for warrant liability

The warrant is a freestanding instrument and recorded as a liability in accordance with ASC480. The warrant is initially recognized at fair value, with subsequent changes in fair value recorded in losses. The Series C Preferred Shares was initially recorded as mezzanine equity equal to the proceeds received of RMB766,127, net of the warrant fair value of RMB19,821 on January 31, 2019. The Company recognized a loss from the increase in fair value of RMB2,839 (US$401) for the year ended December 31, 2019.

12 CONVERTIBLE PREFERRED SHARES AND WARRANT (CONTINUED)

Initial measurement and subsequent accounting for warrant liability (Continued)

The fair value of the warrant is measured using significant unobservable (Level 3) inputs. The Group estimated the fair value of the warrant as of December 31, 2019 using the Black-Scholes option pricing model, based on the remaining contractual term of the warrants, risk-free interest rate and expected volatility of the price of the underlying Preferred Shares. The assumptions used, including the market value of the underlying Series C Preferred Shares and the expected volatility were subjective unobservable inputs. Significant increases (decreases) in the inputs used in the fair value measurement of the Level 3 warrant in isolation would result in a significant lower (higher) fair value measurement.

13 SHARE-BASED COMPENSATION

Share options

On June 20, 2014, the shareholders and Board of Directors (the "Board") of the Company approved a resolution to reserve a total of 3,001,365 ordinary shares of the Company for the purpose of issuing share options awards to its eligible employees, officers or directors of the Group. On August 20, 2016, the shareholders and the Board approved a resolution to increase share option pool to 3,690,599. On April 19, 2018, the shareholders and the Board further approved a resolution to increase share option pool up to 5,290,234.

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13 SHARE-BASED COMPENSATION (CONTINUED)

Share options (continued)

The exercise price, vesting and other conditions of individual awards are determined by the Board and are subject to multiple service vesting periods. The options granted are vested over various vesting schedules with no more than three years. The Group recognized share-based compensation expenses using the straight-line method over the requisite service period, which is generally the vesting period of the options. The share option awards are exercisable up to ten years from the grant date. The following table summarizes the share options activity for the years ended December 31, 2017, 2018 and 2019:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Grant Date Fair Value	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
		US$ per option	US$ per option	Years	US$
Outstanding, January 1, 2017	3,038,757	0.0002	0.30	8.05	3,274
Granted	348,624	0.0002	1.30	—	—
Forfeited	(139,170)	0.0002	0.79	—	—
Outstanding, January 1, 2018	3,248,211	0.0002	0.38	7.24	6,739
Granted	652,723	0.0002	2.77	—	—
Exercised	(818,554)	0.0002	0.61	—	—
Forfeited	(32,212)	0.0002	0.55	—	—
Outstanding, January 1, 2019	3,050,168	0.0002	0.97	7.14	9,744
Granted	1,273,346	2.8957	3.97	—	—
Exercised	(1,864,343)	0.0002	0.30	—	—
Forfeited	(55,372)	0.0002	2.90	—	—
Outstanding, December 31, 2019	2,403,799	1.5340	3.75	8.75	20,079
Vested and expected to vest at December 31, 2019	2,403,799	1.5340	3.75	8.75	20,079
Exercisable at December 31, 2019	444,645	8.2921	2.79	8.52	1,637

The aggregate intrinsic value in the table above represents the difference between the exercise price of the awards and the fair value of the underlying ordinary shares at each reporting date, for those awards that had exercise price below the estimated fair value of the relevant ordinary shares.

The aggregate fair value of the equity awards vested during the years ended December 31, 2017, 2018 and 2019 was RMB198, RMB491 and RMB9,485 (US$1,340), respectively. As of December 31, 2019, there was RMB35,212 (US$4,973) of total unrecognized employee share-based compensation expense related to unvested options, may be adjusted for actual forfeitures occurring in the future. Total unrecognized compensation cost which recognized over a weighted-average period of 2.02 years.

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13 SHARE-BASED COMPENSATION (CONTINUED)

Fair value of options

The fair value of options was determined using the binomial option valuation model, with the assistance from an independent third-party appraiser. The binomial model requires the input of highly subjective assumptions, including the expected volatility, the exercise multiple, the risk-free rate and the dividend yield. For expected volatility, the Group has made reference to historical volatility of several comparable companies in the same industry. The exercise multiple was estimated as the average ratio of the stock price to the exercise price of when employees would decide to voluntarily exercise their vested options. The risk-free rate for periods within the contractual life of the options is based on the market yield of U.S. Treasury Bonds in effect at the time of grant. The dividend yield is based on our expected dividend policy over the contractual life of the options. The estimated fair value of the ordinary shares, at the option grant dates, was determined with the assistance from an independent third-party appraiser. The Company's management is ultimately responsible for the determination of the estimated fair value of its ordinary shares.

The assumptions used to estimate the fair value of the share options granted are as follows:

	For the years ended December 31,		
	2017	2018	2019
Risk-free interest rate	2.31% - 2.40%	2.69% - 3.05%	1.63% - 2.41%
Dividend yield	0%	0%	0%
Expected volatility range	48.1% - 49.4%	46.0% - 47.8%	44.6% - 45.4%
Exercise multiple	2.20	2.20	2.20 - 2.80
Contractual life	10 years	10 years	10 years
Fair market value per ordinary share as at valuation dates	US$1.10 - US$2.08	US$2.32 - US$3.20	US$3.30 - US$9.41

Restricted shares

Upon the issuance of the Series A Preferred Shares, the Founders entered into an arrangement with the Series A preferred shareholders, whereby all of the Founders' ordinary shares became subject to service and transfer restriction. Such shares are subject to repurchase by the Company at the price equal to the original purchase price paid by the Founders upon early termination of the Founders' requisite period of employment. The restricted shares are subject to a four-year service condition with 25% of the total shares shall be vested one year from the issuance of the Series A Preferred Shares and the remaining 75% of the total shares will be vested monthly in equal installment over the remaining requisite service period of 3 years. This arrangement is accounted for as a grant of restricted share awards subject to service vesting conditions.

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13 SHARE-BASED COMPENSATION (CONTINUED)

Restricted shares (continued)

The following table summarizes the restricted shares activities during the years ended December 31, 2017, 2018 and 2019:

	Number of shares	Weighted average grant date fair value US$ per share
Outstanding as of January 1, 2017	6,433,271	0.10
Vested	(4,288,848)	0.10
Outstanding as of December 31, 2017	2,144,423	0.10
Vested	(2,144,423)	0.10
Outstanding as of December 31, 2018	—	—
Outstanding as of December 31, 2019	—	—

The Group used the discounted cash flow method to determine the underlying equity value of the Company and adopted equity allocation model to determine the fair value of the restricted shares as of the dates of issuance. The aggregate fair value of the restricted shares was RMB12,229. For the years ended December 31, 2017, 2018 and 2019, the Group recorded compensation expenses for the restricted shares of RMB2,633, RMB1,226 and nil, respectively.

Total share-based compensation expenses recognized for the years ended December 31, 2017, 2018 and 2019 were as follows:

	For the years ended December 31,			
	2017	2018	2019	
	RMB	RMB	RMB	US$
Cost of revenues	93	322	678	96
Research and development expenses	680	2,096	9,377	1,324
Selling and marketing expenses	299	547	1,235	174
General and administrative expenses	2,981	2,130	11,502	1,624
Total share-based compensation expenses	4,053	5,095	22,792	3,218

On August 19, 2019, the Group entered into an investment agreement with an employee to issue 85,196 Series C Preferred Shares at US$9.39 per share with a total consideration of US$800. The Group recognized the difference between the fair value of the preferred shares as of the commitment date and the issuance consideration of RMB463 (US$65) as compensation expense.

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14 INCOME TAXES

PRC

Effective from January 1, 2008, the PRC's statutory, Enterprise Income Tax ("EIT") rate is 25%. In accordance with the implementation rules of EIT Law, a qualified "High and New Technology Enterprise" ("HNTE") is eligible for a preferential tax rate of 15%. The HNTE certificate is effective for a period of three years. An entity must file required supporting documents with the tax authority and ensure fulfillment of the relevant HNTE criteria before using the preferential rate. An entity could re-apply for the HNTE certificate when the prior certificate expires.

Guangzhou Burning Rock Dx Co., Ltd. was recognized as a qualified HNTE under the EIT Law by relevant government authorities in November 2016 and was entitled to the preferential rate of 15%. Guangzhou Burning Rock Dx Co., Ltd will be subject to the EIT rate of 25% if the HNTE certificate is not renewed before the 2019 annual EIT filing. The Company assessed it is probable for Guangzhou Burning Rock Dx Co., Ltd. to obtain the renewed HNTE certificate and continue to enjoy the preferential rate of 15% for the year ended December 31, 2019. All other operating entities in the PRC are subject to the 25% EIT rate.

Cayman Islands

Under the current tax laws of Cayman Islands, the Company is not subject to tax on income or capital gains. Besides, upon payment of dividends by the Company to its shareholders, no Cayman Islands withholding tax will be imposed.

United States

As a result of the United States tax law amendments, the federal statutory income tax rate for the subsidiary in the US is 21% for the year ended December 31, 2019. The subsidiary in the US was incorporated in the state of California, and is also subject to state income tax at a rate of approximately 8.8% for the year ended December 31, 2019.

Hong Kong

Under the Hong Kong tax laws, the subsidiary in Hong Kong is subject to the Hong Kong profit tax at a rate of 16.5% and it may be exempted from income tax on its foreign-derived income. There are no withholding taxes in Hong Kong on remittance of dividends.

The Group's loss before income taxes consists of:

	For the years ended December 31,			
	2017	2018	2019	
	RMB	RMB	RMB	US$
PRC	(122,788)	(157,740)	(150,495)	(21,254)
Non-PRC	(8,487)	(19,757)	(18,661)	(2,635)
Total loss before income tax	(131,275)	(177,497)	(169,156)	(23,889)

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14 INCOME TAXES (CONTINUED)

Hong Kong (Continued)

For the years ended December 31, 2017, 2018 and 2019, the income generated by the subsidiary in Hong Kong was interest income derived from the bank that is exempted from Hong Kong profit tax. The Group did not recognize any current or deferred tax expense for the years presented.

Reconciliation between the income tax expenses computed by applying the statutory tax rate to loss before income tax and the actual provision for income tax is as follows:

	For the years ended December 31,			
	2017	2018	2019	
	RMB	RMB	RMB	US$
Loss before income tax	(131,275)	(177,497)	(169,156)	(23,889)
Income tax benefits computed at PRC statutory rate (25%)	(32,819)	(44,374)	(42,289)	(5,972)
Effect of tax rate differential	2,418	5,052	10,474	1,479
Research and development super-deduction	(926)	(1,821)	(4,712)	(665)
Non-deductible expenses	9,231	5,394	10,629	1,501
Non-taxable income	(296)	(212)	(1,412)	(199)
Changes in valuation allowance	22,392	35,961	27,310	3,856
Income tax expenses	—	—	—	—

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14 INCOME TAXES (CONTINUED)

Deferred tax assets and liabilities

Deferred taxes were measured using the enacted tax rates for the periods in which the temporary differences are expected to be reversed. The tax effects of temporary differences that give rise to the deferred tax balances as of December 31, 2018 and 2019 are as follows:

	For the years ended December 31,		
	2018	2019	
	RMB	RMB	US$
Deferred tax assets:			
Accruals and reserves	1,365	3,913	553
Net operating loss carry forward	38,580	52,593	7,428
Government grants	497	222	31
Depreciation and amortization	564	685	97
Excessive education fee	577	967	137
Timing difference of research and development expenses recognition	29,430	47,809	6,752
Timing difference of revenue recognition	19,029	10,160	1,435
Excessive donation expense carried forward	750	1,753	248
Gross deferred tax assets	**90,792**	**118,102**	**16,681**
Less: valuation allowance	(90,792)	(118,102)	(16,681)
Total deferred tax assets, net	—	—	—

As of December 31, 2018 and 2019, the Group had net operating losses of RMB154,319 and RMB210,376 (US$29,711), respectively, mainly deriving from entities in the PRC. The tax losses in the PRC can be carried forward for five years to offset future taxable profit, and the period was extended to ten years for entities that qualify as a HNTE in 2018 and thereafter. The tax losses of entities in the PRC will begin to expire in 2020, if not utilized.

Valuation allowances have been provided on the net deferred tax assets where, based on all available evidence, it was considered more likely than not that some portion or all of the recorded deferred tax assets will not be realized in future periods. Realization of the net deferred tax assets is dependent on factors including future reversals of existing taxable temporary differences and adequate future income, exclusive of reversing deductible temporary differences, tax planning and tax loss or credit carry forwards. The Group evaluates the potential realization of deferred tax assets on an entity-by-entity basis. As of December 31, 2018 and 2019, valuation allowances were provided against deferred tax assets in entities where it was determined it was more likely than not that the benefits of the deferred tax assets will not be realized.

Unrecognized tax benefits

As of December 31, 2019 and for the year ended December 31, 2019, there was no significant impact from tax uncertainties on the Group's consolidated financial position and result of operations. The Group did not record

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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14 INCOME TAXES (CONTINUED)

Unrecognized tax benefits (Continued)

any interest and penalties related to an uncertain tax position for the year ended December 31, 2019. The Group does not expect the amount of unrecognized tax benefits would increase significantly in the next 12 months.

In general, the PRC tax authorities have up to five years to conduct examinations of the tax filings of the Company's PRC subsidiaries, the VIE and the VIE's subsidiaries. Accordingly, the PRC tax filings from 2014 through 2018 remain open to examination by the respective tax authorities. The Group may also be subject to the examinations of the tax filings in other jurisdictions, which are not material to the consolidated financial statements.

15 LOSS PER SHARE

Basic and diluted loss per share for the years ended December 31, 2017, 2018 and 2019 are calculated as follows:

	For the years ended December 31,			
	2017	2018	2019	
	RMB	RMB	RMB	US$
Numerator:				
Net loss attributable to Burning Rock Biotech Limited's shareholder	**(131,275)**	**(177,497)**	**(169,156)**	**(23,889)**
Accretion of convertible preferred shares	(53,276)	(54,849)	(165,011)	(23,304)
Net loss attributable to ordinary shareholders	**(184,551)**	**(232,346)**	**(334,167)**	**(47,193)**
Denominator:				
Weighted-average number of ordinary shares outstanding—basic and diluted	**18,089,102**	**22,378,876**	**23,483,915**	**23,483,915**
Loss per share—basic and diluted	**(10.20)**	**(10.38)**	**(14.23)**	**(2.01)**

For the years presented herein, the computation of basic loss per share using the two-class method is not applicable as the Group is in a net loss position and the participating securities do not have contractual rights and obligations to share in the losses of the Group. The effects of all outstanding Preferred Shares, convertible notes, warrant and share options were excluded from the computation of diluted loss per share for the years ended December 31, 2017, 2018 and 2019 as their effects would be anti-dilutive.

The unaudited pro forma loss per share is computed using the weighted-average number of ordinary shares outstanding and assumes the automatic conversion of all the Group's convertible preferred shares into Class A and Class B ordinary shares upon the closing of an IPO as if it had occurred on January 1, 2019.

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15 LOSS PER SHARE (CONTINUED)

The unaudited basic and diluted pro forma loss per share is calculated as follows:

	For the year ended December 31, 2019			
	Class A		Class B	
	RMB (Unaudited)	US$ (Unaudited)	RMB (Unaudited)	US$ (Unaudited)
Numerator:				
Net loss attributable to ordinary shareholders	(263,631)	(37,231)	(70,536)	(9,962)
Deduct: Accretion of convertible preferred shares	(130,181)	(18,385)	(34,830)	(4,919)
Net loss used in computing pro forma loss per share—basic and diluted	(133,450)	(18,846)	(35,706)	(5,043)
Denominator:				
Weighted-average number of ordinary shares outstanding—basic and diluted	8,948,392	8,948,392	14,535,523	14,535,523
Add: adjustment to reflect assumed effect of automatic conversion of Preferred Shares	55,804,304	55,804,304	2,789,325	2,789,325
Pro Forma weighted average number of shares outstanding—basic and diluted	64,752,696	64,752,696	17,324,848	17,324,848
Pro Forma loss per share—basic and diluted	(2.06)	(0.29)	(2.06)	(0.29)

16 RELATED PARTY TRANSACTIONS

a) Related Parties

Name of related parties	Relationship
Yusheng Han	Shareholder of the shareholder of the Company, Chief Executive Officer, director
Shaokun Chuai	Shareholder of the shareholder of the Company, Chief Operating Officer, director
Nannan Zhou	Shareholder of the shareholder of the Company, management of the Group
Dan Zhou	Shareholder of the shareholder of the Company, management of the Group
Liang Shao	Shareholder of the shareholder of the Company
Zhigang Wu	Shareholder of the shareholder of the Company, management of the Group
BRT Bio Tech Limited	Controlling shareholder of the Company until October 30, 2019
EaSuMed Holding Ltd.	Equity method investee

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16 RELATED PARTY TRANSACTIONS (CONTINUED)

b) The Group had the following related party balances at the end of the year:

	As of December 31,		
	2018	2019	
	RMB	RMB	US$
Yusheng Han	15,961	56,330	7,956
Shaokun Chuai	—	18,038	2,547
Liang Shao	79	—	—
Dan Zhou	91	—	—
Zhigang Wu	32	—	—
Nannan Zhou	227	—	—
Total amounts due from related parties	16,390	74,368	10,503

	As of December 31,		
	2018	2019	
	RMB	RMB	US$
BRT Bio Tech Limited	3,289	—	—
Total amounts due to a related party	3,289	—	—

All the balances with related parties as of December 31, 2018 and 2019 were unsecured. All outstanding balances are repayable on demand unless otherwise disclosed. No allowance for doubtful accounts was recognized for the amount due from related parties for the years ended December 31, 2017, 2018 and 2019.

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16 RELATED PARTY TRANSACTIONS (CONTINUED)

c) The Group had the following related party transactions:

	For the years ended December 31,			
	2017	2018	2019	
	RMB	RMB	RMB	US$
Consulting service received from:				
EaSuMed Holding Ltd.	1,214	1,225	806	114
Borrowings provided to:				
Yusheng Han (i)	15,291	—	37,034	5,230
Shaokun Chuai (ii)	—	—	16,816	2,375
Dan Zhou	—	30	—	—
	15,291	30	53,850	7,605
Share repurchase from:				
BRT Bio Tech Limited (iii)	33,316	1,500	1,294	183
Interest income from:				
Yusheng Han	—	—	1,295	183
Shaokun Chuai	—	—	591	83
	—	—	1,886	266

(i) On March 29, 2019, the Group entered into a loan agreement with Yusheng Han with a principal amount of US$5,500 at the simple rate of 4.5% per annum. All of the balance was repaid in February and March 2020.

(ii) On March 28, 2019, the Group entered into a loan agreement with Shaokun Chuai with a principal amount of US$2,500 at the simple rate of 4.5% per annum, which was fully repaid in May 2020.

(iii) The Group repurchased 1,214,608 and 31,246 ordinary shares held by BRT Bio Tech Limited in 2017 and 2018. The purchase consideration was RMB33,316 and nil, respectively. The Group repurchased 124,985 and 20,222 Series A+ Preferred shares held by BRT Bio Tech Limited in 2018 and 2019, respectively for consideration of RMB1,500 and RMB1,294. The Company recorded compensation expense of RMB24,251, nil and RMB771 in 2017, 2018 and 2019, respectively, for the amount exceeding the fair value of the ordinary and preferred shares at repurchase date.

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17 COMMITMENTS AND CONTINGENCIES

Operating lease commitments

Future minimum payments under non-cancelable operating leases with initial terms in excess of one year consist of the following as of December 31, 2019:

	RMB	US$
For the years ending:		
2020	10,288	1,453
2021	10,031	1,417
2022	8,227	1,162
2023	8,349	1,179
2024	6,828	964
Total	43,723	6,175

Payments under operating leases are expensed on a straight-line basis over the periods of their respective leases. The Group's lease arrangements have no renewal options, rent escalation clauses, restrictions or contingent rents and are all executed with third parties. For the years ended December 31, 2017, 2018 and 2019, total rental related expenses for all operating leases amounted to RMB5,622, RMB8,689 and RMB9,435 (US$1,332), respectively.

Capital expenditure commitments

The Group has capital expenditure commitments for the laboratory leasehold improvements of RMB688 (US$97) at December 31, 2019, which are scheduled to be paid within one year.

Contingencies

The Group is currently not involved in any legal or administrative proceedings that may have a material adverse impact on the Group's business, financial position or results of operations.

18 RESTRICTED NET ASSETS

In accordance with the Regulations on Enterprises with Foreign Investment of China and its Articles of Association, the Company's PRC subsidiaries, the VIE and the VIE's subsidiaries located in the PRC, being a foreign invested enterprise established in the PRC, are required to provide certain statutory reserves, namely the general reserve fund, enterprise expansion fund and staff welfare and bonus fund, all of which are appropriated from net profit as reported in its PRC statutory accounts. The Company's PRC subsidiaries are required to allocate at least 10% of its annual after tax profit to the general reserve fund until such fund has reached 50% of its registered capital based on the enterprise's PRC statutory accounts. Appropriations to the enterprise expansion fund and staff welfare and bonus fund are at the discretion of the Board of Directors of the PRC subsidiaries. These reserves can only be used for specific purposes and are not transferable to the Company in the form of loans, advances, or cash dividends.

BURNING ROCK BIOTECH LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2017, 2018 AND 2019

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

18 RESTRICTED NET ASSETS (CONTINUED)

In accordance with the PRC Company Laws, the Company's PRC subsidiaries and VIE must make appropriations from their annual after tax profits as reported in their PRC statutory accounts to non distributable reserve funds, namely statutory surplus fund, statutory public welfare fund and discretionary surplus fund. The VIE is required to allocate at least 10% of their after tax profits to the statutory surplus fund until such fund has reached 50% of their respective registered capital. Appropriation to discretionary surplus is made at the discretion of the Board of Directors of the VIE. These reserves can only be used for specific purposes and are not transferable to the Company in the form of loans, advances, or cash dividends. No appropriations were made to statutory reserves by the Company's PRC subsidiaries, the VIE and the VIE's subsidiaries during all periods presented due to losses incurred.

As a result of these PRC laws and regulations, the PRC entities are restricted from transferring a portion of their net assets to the Company. Amounts restricted include paid-in capital and the statutory reserves of the Company's PRC subsidiaries, the VIE and the VIE's subsidiaries, as determined pursuant to PRC GAAP, were RMB395,453 (US$55,849) as of December 31, 2019.

19 SUBSEQUENT EVENTS

The Group evaluated subsequent events through May 22, 2020, the date these consolidated financial statements were issued.

On January 10, 2020, the Group issued 2,129,472 shares of Series C+ Preferred Shares to several investors for a total consideration of US$29,000 at US$13.62 per share.

On January 22, 2020, the Group issued 1,064,950 shares of Series C Preferred Shares to an investor for a total consideration of US$10,000 upon the exercise of the Series C Warrant.

On January 30, 2020, the Company effected a 2-for-1 Reverse Share Split as disclosed in Note 2.

Beginning in January 2020, the emergence and wide spread of the novel Coronavirus ("COVID-19") has resulted in quarantines, travel restrictions, and the temporary closure of stores and facilities in China and elsewhere. Substantially all of the Group's revenue and workforce are concentrated in China. Consequently, the COVID-19 outbreak may adversely affect the Group's business operations, financial condition and operating results for 2020, including but not limited to negative impact to the Group's total revenues and slower collection of accounts receivables and additional allowance for doubtful accounts. Because of the uncertainties surrounding the COVID-19 outbreak, the extent of the business disruption and the related financial impact cannot be reasonably estimated at this time.

On May 8, 2020, the Group repurchased 55,243 Series C Preferred Shares at a consideration of RMB3,500.

20 CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY

Basis of presentation

For the presentation of the parent company only condensed financial information, the Company records its investments in subsidiaries and VIE under the equity method of accounting as prescribed in ASC 323, *Investments—Equity Method and Joint Ventures*. Such investments are presented on the condensed balance sheets as "Equity method investment" and their respective losses as "Share of losses in subsidiaries, the VIE and the VIE's subsidiaries" on the condensed statements of comprehensive loss. Under the equity method of accounting, the Company's carrying amount of its investments in subsidiaries of its share of the subsidiaries and VIE was reduced

BURNING ROCK BIOTECH LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2017, 2018 AND 2019

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

20 CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY (CONTINUED)

Basis of presentation (continued)

to nil for the years ended December 31, 2018 and 2019 and the carrying amount of "Inter-company payables" was further adjusted as the Company committed to provide financial support to the VIE as disclosed in Note 1.

The subsidiaries did not pay any dividends to the Company for the years presented. The Company does not have significant commitments or long-term obligations as of the year end other than those presented. The parent company only financial statements should be read in conjunction with the Company's consolidated financial statements.

Condensed Balance Sheets

	As of December 31,		
	2018	2019	
	RMB	RMB	US$
ASSETS			
Current assets:			
Cash and cash equivalents	3,650	22,441	3,169
Accounts receivable (net of allowances of RMB6 and nil as of December 31, 2018 and 2019, respectively)	3,696	267	38
Amounts due from related parties	13,966	72,316	10,213
Inter-company receivables	487,799	1,019,137	143,930
Prepayments and other current assets	105	8,942	1,261
Total current assets	**509,216**	**1,123,103**	**158,611**
Non-current assets:			
Equity method investment	1,990	1,790	253
Property and equipment, net	—	3,275	463
Total non-current assets	**1,990**	**5,065**	**716**
Total assets	**511,206**	**1,128,168**	**159,327**
LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS DEFICIT			
Current liabilities:			
Amounts due to a related party	3,289	—	—
Inter-company payables	386,041	462,011	65,248
Accrued liabilities and other current liabilities	4	7,115	1,005
Convertible notes, current	129,216	—	—
Total current liabilities	**518,550**	**469,126**	**66,253**
Non-current liabilities:			
Warrant liability	—	23,503	3,319
Total non-current liabilities	**—**	**23,503**	**3,319**
Total liabilities	**518,550**	**492,629**	**69,572**

BURNING ROCK BIOTECH LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2017, 2018 AND 2019

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

20 CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY (CONTINUED)

Condensed Balance Sheets (continued)

	As of December 31,		
	2018	2019	
	RMB	RMB	US$
LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' DEFICIT (CONTINUED)			
Mezzanine equity:			
Series A convertible preferred shares (par value of US$0.0002 per share; 33,320,324 and 33,304,544 shares authorized; 33,320,324 and 33,300,105 issued and outstanding as of December 31, 2018 and 2019)	171,494	186,991	26,408
Series B convertible preferred shares (par value of US$0.0002 per share; 12,768,717 and 12,768,717 shares authorized, issued and outstanding as of December 31, 2018 and 2019)	424,624	466,983	65,951
Series C convertible preferred shares (par value of US$0.0002 per share; nil and 15,719,229 shares authorized; nil and 12,524,807 issued and outstanding as of December 31, 2018 and 2019)	—	873,059	123,299
Total mezzanine equity	**596,118**	**1,527,033**	**215,658**
Shareholders' deficit:			
Ordinary shares (par value of US$0.0002 per share; 203,910,959 and 188,207,510 shares authorized; 23,167,232 and 25,031,575 shares issued and outstanding as of December 31, 2018 and 2019)	29	31	4
Additional paid-in capital	23,311	45,640	6,446
Accumulated deficit	(611,997)	(946,464)	(133,666)
Accumulated other comprehensive (loss) income	(14,805)	9,299	1,313
Total shareholders' deficit	**(603,462)**	**(891,494)**	**(125,903)**
Total liabilities, mezzanine equity and shareholders' deficit	**511,206**	**1,128,168**	**159,327**

BURNING ROCK BIOTECH LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2017, 2018 AND 2019

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

20 CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY (CONTINUED)

Condensed Statements of Comprehensive Loss

	For the years ended December 31,			
	2017	2018	2019	
	RMB	RMB	RMB	US$
Revenues	2,461	1,932	—	—
Cost of revenues	—	—	—	—
Gross profit	**2,461**	**1,932**	**—**	**—**
Operating expenses:				
Selling and marketing expenses	(60)	(56)	—	—
General and administrative expenses	(4,037)	(8,744)	(23,140)	(3,267)
Share of losses in subsidiaries, the VIE and the VIE's subsidiaries	(121,493)	(156,814)	(143,263)	(20,233)
Total operating expenses	**(125,590)**	**(165,614)**	**(166,403)**	**(23,500)**
Loss from operations	**(123,129)**	**(163,682)**	**(166,403)**	**(23,500)**
Interest (expense) income, net	(9,168)	(13,393)	441	62
Other expense, net	(62)	(422)	(230)	(32)
Foreign exchange gain (loss), net	1,084	—	(125)	(18)
Change in fair value of warrant liability	—	—	(2,839)	(401)
Loss before income taxes	**(131,275)**	**(177,497)**	**(169,156)**	**(23,889)**
Income tax expenses	—	—	—	—
Net Loss	**(131,275)**	**(177,497)**	**(169,156)**	**(23,889)**
Net loss attributable to Burning Rock Biotech Limited's shareholders	**(131,275)**	**(177,497)**	**(169,156)**	**(23,889)**
Accretion of convertible preferred shares	(53,276)	(54,849)	(165,011)	(23,304)
Net loss attributable to ordinary share holders	**(184,551)**	**(232,346)**	**(334,167)**	**(47,193)**
Other comprehensive (loss) income, net of tax of nil:				
Foreign currency translation adjustments	(3,652)	(3,929)	24,104	3,404
Total Comprehensive loss	**(134,927)**	**(181,426)**	**(145,052)**	**(20,485)**
Condensed Statements of Cash Flows				
Net cash used in operating activities	(29,450)	(9,272)	(65,787)	(9,291)
Net cash used in investing activities	(262,399)	—	(516,454)	(72,937)
Net cash generated from financing activities	328,938	—	595,883	84,155
Effect of exchange rate changes	(27,809)	654	5,149	727
Net increase (decrease) in cash and cash equivalents	**9,280**	**(8,618)**	**18,791**	**2,654**
Cash and cash equivalents at the beginning of year	2,988	12,268	3,650	515
Cash and cash equivalents at the end of year	**12,268**	**3,650**	**22,441**	**3,169**

BURNING ROCK BIOTECH LIMITED

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2019 AND

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS OF MARCH 31, 2020

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

	Notes	As of		
		December 31, 2019	March 31, 2020	
		RMB	RMB	US$
			(unaudited)	
ASSETS				
Current assets:				
Cash and cash equivalents		94,235	363,552	51,343
Restricted cash		4,009	992	140
Short-term investment		313,988	318,912	45,039
Accounts receivable (net of allowances of RMB13,112 and RMB16,769 (US$2,368) as of December 31, 2019 and March 31, 2020, respectively)	4	88,822	87,965	12,423
Contract assets		909	7,469	1,055
Amounts due from related parties	15	74,368	18,516	2,615
Inventories	5	58,116	59,970	8,469
Prepayments and other current assets	6	72,340	74,903	10,579
Total current assets		**706,787**	**932,279**	**131,663**
Non-current assets:				
Equity method investment		1,790	1,694	239
Long-term investment		38,369	38,968	5,503
Property and equipment, net	7	89,314	84,201	11,891
Intangible assets, net	8	343	280	40
Other non-current assets		10,954	11,633	1,643
Total non-current assets		**140,770**	**136,776**	**19,316**
TOTAL ASSETS		**847,557**	**1,069,055**	**150,979**

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

BURNING ROCK BIOTECH LIMITED

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2019 AND

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS OF MARCH 31, 2020 (CONTINUED)

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

	Notes	As of		
		December 31, 2019	March 31, 2020	
		RMB	RMB	US$
			(unaudited)	
LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' DEFICIT				
Current liabilities (including amounts of the consolidated VIE and its subsidiaries without recourse to the primary beneficiary of RMB140,383 and RMB 124,001 (US$17,511) as of December 31, 2019 and March 31, 2020, respectively):				
Accounts payable		12,348	16,147	2,280
Deferred revenue		49,539	51,111	7,218
Capital lease obligations, current	7	4,893	5,023	709
Accrued liabilities and other current liabilities	9	54,059	38,678	5,462
Customer deposits		4,104	4,131	583
Short-term borrowing	10	2,370	2,370	335
Current portion of long-term borrowings	10	37,129	25,577	3,612
Total current liabilities		**164,442**	**143,037**	**20,199**
Non-current liabilities (including amounts of the consolidated VIE and its subsidiaries without recourse to the primary beneficiary of RMB6,073 and RMB4,636 (US$655) as of December 31, 2019 and March 31, 2020, respectively):				
Deferred government grants		991	991	140
Capital lease obligations	7	4,816	3,510	496
Long-term borrowings	10	18,266	33,251	4,696
Warrant liability	11	23,503	—	—
Total non-current liabilities		**47,576**	**37,752**	**5,332**
TOTAL LIABILITIES		**212,018**	**180,789**	**25,531**
Commitments and contingencies	16			

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

BURNING ROCK BIOTECH LIMITED

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2019 AND

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS OF MARCH 31, 2020 (CONTINUED)

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

	Notes	As of			Pro forma shareholders' equity as of	
		December 31, 2019	March 31, 2020		March 31, 2020	
		RMB	RMB	US$	RMB	US$
			(unaudited)		(unaudited)	
LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' DEFICIT (CONTINUED)						
Mezzanine equity:						
Series A convertible preferred shares (par value of US$0.0002 per share; 33,304,544 shares authorized, 33,300,105 shares issued and outstanding as of December 31, 2019 and March 31, 2020)	11	186,991	190,927	26,964	—	—
Series B convertible preferred shares (par value of US$0.0002 per share; 12,768,717 shares authorized, issued and outstanding as of December 31, 2019 and March 31, 2020)	11	466,983	477,545	67,442	—	—
Series C convertible preferred shares (par value of US$0.0002 per share; 15,719,229 shares authorized, 12,524,807 and 15,719,229 shares issued and outstanding as of December 31, 2019 and March 31, 2020, respectively)	11	873,059	1,174,560	165,880	—	—
Total mezzanine equity		**1,527,033**	**1,843,032**	**260,286**	—	—

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

BURNING ROCK BIOTECH LIMITED

CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2019 AND

UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS OF MARCH 31, 2020 (CONTINUED)

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

	As of			Pro forma shareholders' equity as of	
	December 31, 2019	March 31, 2020		March 31, 2020	
	RMB	RMB	US$	RMB	US$
		(unaudited)		(unaudited)	
LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' DEFICIT (CONTINUED)					
Shareholders' deficit:					
Ordinary shares (par value of US$0.0002 per share; 188,207,510 shares authorized; 25,031,575 shares issued and outstanding as of December 31, 2019 and March 31, 2020)	31	31	5	—	—
Class A ordinary shares (par value of US$0.0002 per share; 69,494,778 shares issued and outstanding, pro forma)	—	—	—	90	14
Class B ordinary shares (par value of US$0.0002 per share; 17,324,848 shares issued and outstanding, pro forma)	—	—	—	21	3
Additional paid-in capital	45,640	49,806	7,034	1,892,758	267,308
Accumulated deficits	(946,464)	(1,025,324)	(144,803)	(1,025,324)	(144,803)
Accumulated other comprehensive income	9,299	20,721	2,926	20,721	2,926
Total shareholders' deficit	**(891,494)**	**(954,766)**	**(134,838)**	**888,266**	**125,448**
TOTAL LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' DEFICIT	**847,557**	**1,069,055**	**150,979**		

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

BURNING ROCK BIOTECH LIMITED

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2020

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

	Notes	For the three months ended March 31,		
		2019	2020	
		RMB (unaudited)	RMB (unaudited)	US$
Revenues:				
Revenues from services		77,433	50,399	7,118
Revenues from sales of products		27,032	16,930	2,391
Total revenues	3	**104,465**	**67,329**	**9,509**
Cost of revenues:				
Cost of services		(19,666)	(15,548)	(2,196)
Cost of goods sold		(6,687)	(6,997)	(988)
Total cost of revenues		**(26,353)**	**(22,545)**	**(3,184)**
Gross profit		**78,112**	**44,784**	**6,325**
Operating expenses:				
Research and development expenses		(31,427)	(40,016)	(5,651)
Selling and marketing expenses (including related party amounts of RMB239 and nil for the three months ended March 31, 2019 and 2020, respectively)	15	(26,690)	(29,815)	(4,211)
General and administrative expenses		(31,565)	(34,295)	(4,843)
Total operating expenses		**(89,682)**	**(104,126)**	**(14,705)**
Loss from operations		**(11,570)**	**(59,342)**	**(8,380)**
Interest (expense) income, net		(4,082)	2,807	396
Other expense, net		(176)	(151)	(21)
Foreign exchange (loss) gain, net		(101)	611	86
Change in fair value of warrant liability		64	3,503	495
Loss before income tax		**(15,865)**	**(52,572)**	**(7,424)**
Income tax expenses	13	—	—	—
Net loss		**(15,865)**	**(52,572)**	**(7,424)**

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

BURNING ROCK BIOTECH LIMITED

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2020

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"), except for number of shares and per share data)

	Notes	For the three months ended March 31,		
		2019	2020	
		RMB (unaudited)	RMB (unaudited)	US$ (unaudited)
Net loss attributable to Burning Rock Biotech Limited's shareholders		**(15,865)**	**(52,572)**	**(7,424)**
Accretion of convertible preferred shares		(50,296)	(26,288)	(3,713)
Net loss attributable to ordinary shareholders		**(66,161)**	**(78,860)**	**(11,137)**
Loss per share:	14			
Basic and diluted		(2.86)	(3.15)	(0.44)
Weighted average shares outstanding used in loss per share computation:	14			
Basic and diluted		23,167,232	25,031,575	25,031,575
Pro forma loss per share (unaudited):	14			
Basic and diluted			(0.61)	(0.09)
Weighted average shares outstanding used in pro forma loss per share computation (unaudited):	14			
Basic and diluted			86,819,626	86,819,626
Other comprehensive (loss) income, net of tax of nil:				
Foreign currency translation adjustments		(278)	11,422	1,613
Total comprehensive loss		**(16,143)**	**(41,150)**	**(5,811)**
Total comprehensive loss attributable to Burning Rock Biotech Limited's shareholders		**(16,143)**	**(41,150)**	**(5,811)**

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

BURNING ROCK BIOTECH LIMITED

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2020

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

	Ordinary shares		Additional paid-in capital	Accumulated Deficit	Accumulated other comprehensive (loss) income	Total shareholders' deficit
	Number of shares	Amount				
		RMB	RMB	RMB	RMB	RMB
Balance as of January 1, 2019	**23,167,232**	**29**	**23,311**	**(611,997)**	**(14,805)**	**(603,462)**
Net loss	—	—	—	(15,865)	—	(15,865)
Other comprehensive loss	—	—	—	—	(278)	(278)
Repurchase of convertible preferred shares (note 11)	—	—	—	(216)	—	(216)
Accretion of convertible preferred shares	—	—	—	(50,296)	—	(50,296)
Share-based compensation	—	—	1,658	—	—	1,658
Balance as of March 31, 2019 (unaudited)	**23,167,232**	**29**	**24,969**	**(678,374)**	**(15,083)**	**(668,459)**
Balance as of January 1, 2020	**25,031,575**	**31**	**45,640**	**(946,464)**	**9,299**	**(891,494)**
Net loss	—	—	—	(52,572)	—	(52,572)
Other comprehensive income	—	—	—	—	11,422	11,422
Accretion of convertible preferred shares	—	—	—	(26,288)	—	(26,288)
Share-based compensation	—	—	4,166	—	—	4,166
Balance as of March 31, 2020 (unaudited)	**25,031,575**	**31**	**49,806**	**(1,025,324)**	**20,721**	**(954,766)**
Balance as of March 31, 2020 (US$) (unaudited)	**25,031,575**	**5**	**7,034**	**(144,803)**	**2,926**	**(134,838)**

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

BURNING ROCK BIOTECH LIMITED

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2020

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

	For the three months ended March 31,		
	2019	2020	
	RMB (unaudited)	RMB (unaudited)	US$
Cash flows from operating activities:			
Net loss	(15,865)	(52,572)	(7,424)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization	7,042	7,719	1,091
Allowance for doubtful accounts	4,702	3,657	516
Inventory write down	8	98	14
Loss on disposal of equipment	2	41	6
Share of loss from equity method investee	171	122	17
Share-based compensation	1,658	4,166	587
Accrued interest	1,820	—	—
Change in fair value of warrant liability	(64)	(3,503)	(495)
Changes in operating assets and liabilities:			
Inventories	(845)	(1,076)	(152)
Accounts receivable	(19,090)	(2,800)	(395)
Contract assets	46	(6,560)	(926)
Prepayments and other current assets	958	(2,433)	(344)
Amount due from related parties	(53,850)	56,770	8,017
Other non-current assets	812	(58)	(8)
Accounts payable	(1,877)	3,255	460
Deferred revenue	(21,982)	1,572	222
Accrued liabilities and other current liabilities	(7,024)	(15,381)	(2,172)
Customer deposits	(2,140)	27	4
Net cash used in operating activities	**(105,518)**	**(6,956)**	**(982)**
Cash flows from investing activities:			
Proceeds from disposal of equipment	7	—	—
Prepayment of property and equipment	—	(621)	(88)
Purchase of property and equipment	(6,355)	(2,992)	(423)
Purchase of intangible assets	(90)	—	—
Purchase of short-term investment	(168,338)	—	—
Net cash used in investing activities	**(174,776)**	**(3,613)**	**(511)**

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

BURNING ROCK BIOTECH LIMITED

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2020

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

	For the three months ended March 31,		
	2019	2020	
	RMB (unaudited)	RMB (unaudited)	US$
Cash flows from financing activities:			
Proceeds from long-term borrowings	—	16,735	2,363
Proceeds from issuance of convertible preferred shares and exercise of warrant	596,522	269,971	38,127
Capital lease obligations payments	(634)	(1,176)	(166)
Repayment of long-term borrowings	(5,053)	(13,302)	(1,879)
Repurchase of convertible preferred shares	(389)	—	—
Net cash generated from financing activities	**590,446**	**272,228**	**38,445**
Effect of exchange rate on cash, cash equivalents and restricted cash	2,381	4,641	656
Net increase cash, cash equivalents and restricted cash	**312,533**	**266,300**	**37,608**
Cash, cash equivalents and restricted cash at the beginning of period	95,334	98,244	13,875
Cash, cash equivalents and restricted cash at the end of period	**407,867**	**364,544**	**51,483**
Supplemental disclosures of cash flow information:			
Interest expense paid	6,119	1,149	162
Supplemental disclosures of non-cash information:			
Purchase of property and equipment included in accounts payable	—	544	77
Purchase of property and equipment included in capital lease obligations	3,263	—	—
Conversion of convertible notes into Series C convertible preferred shares	127,982	—	—
Conversion of warrant into Series C convertible preferred shares	—	19,740	2,788
Reconciliation of cash, cash equivalents and restricted cash:			
Cash and cash equivalents	405,872	363,552	51,343
Restricted cash	1,995	992	140
Total cash, cash equivalents and restricted cash shown in the statements of cash flows	**407,867**	**364,544**	**51,483**

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

BURNING ROCK BIOTECH LIMITED

NOTES TO THE UNAUDITED INTERIM CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2020

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

1 ORGANIZATION

Burning Rock Biotech Limited (the "Company") is a limited liability company incorporated in the Cayman Islands on March 10, 2014. The Company does not conduct any substantive operations on its own but instead conducts its business operations through its subsidiaries, the variable interest entity ("VIE") and subsidiaries of the VIE. The Company, together with its subsidiaries, the VIE and the VIE's subsidiaries (collectively, the "Group") are principally engaged in the developing and providing cancer therapy selection test in the People's Republic of China (the "PRC" or "China").

As of March 31, 2020, there have been no changes to the Company's principal subsidiaries, the VIE and the VIE's subsidiaries since December 31, 2019.

To comply with PRC laws and regulations which prohibit and restrict foreign ownership of business involving the development and application of genomic diagnosis and treatment technology, the Group conducts its business in the PRC principally through the VIE and the VIE's subsidiaries. The equity interests of the VIE are legally held by PRC shareholders (the "Nominee Shareholders").

Despite the lack of majority ownership, the Company through the wholly foreign owned entity ("the WFOE") has effective control of the VIE through a series of contractual arrangements (the "VIE agreements") and a parent-subsidiary relationship exists between the Company and the VIE. Through the VIE agreements, the Nominee Shareholders of the VIE effectively assigned all of their voting rights underlying their equity interests in the VIE to the Company, and therefore, the Company has the power to direct the activities of the VIE that most significantly impact its economic performance. The Company also has the right to receive economic benefits that potentially could be significant to the VIE. The WFOE was the primary beneficiary of the VIE through October 2019 and the Company has replaced the WFOE as the primary beneficiary of the VIE since October 2019. Based on the above, the Company consolidates the VIE in accordance with SEC Regulation SX-3A-02 and Accounting Standards Codification ("ASC") Topic 810-10 ("ASC 810-10"), *Consolidation: Overall*.

BURNING ROCK BIOTECH LIMITED

NOTES TO THE UNAUDITED INTERIM CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2020

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

1 ORGANIZATION (CONTINUED)

The following table set forth the assets and liabilities of the VIE and subsidiaries of the VIE included in the Group's consolidated balance sheets:

	As of		
	December 31, 2019	March 31, 2020	
	RMB	RMB	US$
		(unaudited)	
Cash and cash equivalents	28,102	25,341	3,579
Restricted cash	4,009	992	140
Accounts receivable (net of allowances of RMB12,665 and RMB16,769 (US$2,368) as of December 31, 2019 and March 31, 2020, respectively)	88,555	87,694	12,385
Contract assets	909	7,469	1,055
Amounts due from related parities	2,052	—	—
Inter-company receivables*	7,232	7,232	1,021
Inventories	49,662	56,685	8,005
Prepayments and other current assets	15,931	15,943	2,251
Total current assets	**196,452**	**201,356**	**28,436**
Property and equipment, net	33,246	31,126	4,396
Intangible assets, net	91	67	9
Other non-current assets	3,171	3,171	448
Total non-current assets	**36,508**	**34,364**	**4,853**
TOTAL ASSETS	**232,960**	**235,720**	**33,289**
Accounts payable	10,068	14,858	2,098
Deferred revenue	49,539	51,111	7,218
Inter-company payables*	273,772	324,933	45,889
Capital lease obligations, current	4,893	5,023	709
Accrued liabilities and other current liabilities	38,422	27,206	3,842
Customer deposits	4,104	4,131	583
Short-term borrowing	2,370	2,370	335
Current portion of long-term borrowings	30,987	19,302	2,726
Total current liabilities	**414,155**	**448,934**	**63,400**
Deferred government grant	991	991	140
Capital lease obligations	4,816	3,510	496
Long-term borrowings	266	135	19
Total non-current liabilities	**6,073**	**4,636**	**655**
TOTAL LIABILITIES	**420,228**	**453,570**	**64,055**

* Inter-company receivables/payables represent balances of the VIE and subsidiaries of the VIE due from/to the Company and the Group's consolidated subsidiaries.

BURNING ROCK BIOTECH LIMITED

NOTES TO THE UNAUDITED INTERIM CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2020

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

1 ORGANIZATION (CONTINUED)

The table sets forth the results of operations of the VIE and subsidiaries of the VIE included in the Group's consolidated statements of comprehensive loss:

	For the three months ended March 31,		
	2019	2020	
	RMB (unaudited)	RMB (unaudited)	US$
Revenues	105,541	66,954	9,456
Net income (loss)	9,270	(33,595)	(4,743)

The table sets forth the cash flows of the VIE and subsidiaries of the VIE included in the Group's consolidated statements of cash flows:

	For the three months ended March 31,		
	2019	2020	
	RMB (unaudited)	RMB (unaudited)	US$
Net cash used in operating activities	(15,270)	(549)	(78)
Net cash used in investing activities	(5,861)	(1,127)	(159)
Net cash used in financing activities	(2,845)	(4,102)	(579)

As of December 31, 2019, and March 31, 2020, there were no pledges or collateralization of the assets of the VIE and subsidiaries of the VIE. The amount of the net liabilities of the VIE and subsidiaries of the VIE was RMB187,268 and RMB217,850 (US$30,766) as of December 31, 2019, and March 31, 2020, respectively. The creditors of the VIE and subsidiaries of the VIE's third-party liabilities did not have recourse to the general credit of the primary beneficiary in the normal course of business. The VIE holds certain assets, including detection equipment and related equipment for use in their operations. The Company did not provide nor intend to provide additional financial or other support not previously contractually required to the VIE and subsidiaries of the VIE during the periods presented.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") and applicable rules and regulations of the Securities and Exchange Commission regarding financial reporting that are consistent with those used in the preparation of the Company's audited consolidated financial statements for the year ended December 31, 2019. Accordingly, these unaudited interim condensed consolidated financial statements do not include all of the information and footnotes required by U.S. GAAP for annual 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,

BURNING ROCK BIOTECH LIMITED

NOTES TO THE UNAUDITED INTERIM CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2020

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of presentation (continued)

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 period or for the year ending December 31, 2020. These unaudited condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2019.

Convenience translation

Translations of amounts from RMB into US$ for the convenience of the reader have been calculated at the exchange rate of RMB 7.0808 per US$1.00 on March 31, 2020, as published on the website of the United States Federal Reserve Board. No representation is made that the RMB amounts could have been, or could be, converted, realized or settled into US$ at such rate or at any other rate.

Fair value measurements

The Group applies ASC 820, *Fair Value Measurements and Disclosures*. ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. ASC 820 requires disclosures to be provided for fair value measurements. ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1—Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2—Includes other inputs that are directly or indirectly observable in the marketplace.

Level 3—Unobservable inputs which are supported by little or no market activity.

ASC 820 describes three main approaches to measuring the fair value of assets and liabilities: (1) market approach; (2) income approach; and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset.

The carrying amounts of cash and cash equivalent, restricted cash, short-term investment, accounts receivable, amounts due from related parties, accounts payable and short-term borrowing approximate their fair values because of their generally short maturities. The carrying amount of long-term borrowings and long-term investment approximate their fair values since they bear interest rates which approximate market interest rates.

BURNING ROCK BIOTECH LIMITED

NOTES TO THE UNAUDITED INTERIM CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2020

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurements (continued)

On January 22, 2020, the holder of the Series C convertible redeemable preferred shares warrants (the "Series C Warrant") exercised its Series C Warrant for 1,064,950 Series C convertible redeemable preferred shares (note 11). As of March 31, 2020, there were no warrants outstanding. Therefore, there were no assets or liabilities measured at fair value on a recurring basis as of March 31, 2020.

	Warrant liability RMB
Balance as of December 31, 2019	23,503
Fair value change	(3,503)
Foreign exchange translation	(260)
Exercise of Series C warrant (note 11)	(19,740)
Balance as of March 31, 2020 (unaudited)	—
The amount of total gain for the three months ended March 31, 2020 included in net loss	3,503

The Group did not transfer any assets or liabilities in or out of Level 3 during the three months ended March 31, 2019 and 2020.

The Group had no financial assets and liabilities measured and recorded at fair value on a nonrecurring basis as of December 31, 2019 and March 31, 2020.

Contract assets and liabilities

When the Group satisfies its performance obligations by providing products or services to a customer before the customer pays consideration or before payment is due, the Group recognizes its rights to consideration as a contract asset, which is presented as "contract assets" on the consolidated balance sheets. The contract assets are transferred to the receivables when the rights become unconditional. When a customer pays consideration before the Group provides products or services, the Group records its obligation as a contract liability, which is presented as "deferred revenue" on the consolidated balance sheets.

The increase in deferred revenue of RMB1,572 (US$222) as compared to the year ended December 31, 2019 is a result of the increase in consideration received from the Group's customers. The Group receives payments from customers based on a billing schedule as established in contracts. Revenue recognized that was included in deferred revenue balance at the beginning of the period was RMB12,377 and RMB6,164 (US$871) for the three months ended March 31, 2019 and 2020, respectively. Impairment loss of nil and RMB480 (US$68) was recorded on the Group's contract assets for the three months ended March 31, 2019 and 2020, respectively.

BURNING ROCK BIOTECH LIMITED

NOTES TO THE UNAUDITED INTERIM CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2020

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contract assets and liabilities (continued)

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially satisfied) as of December 31, 2019 and March 31, 2020 were RMB66,141 and RMB61,573 (US$8,696), respectively. The Group expects to recognize the related revenue within one year.

Pro forma information (unaudited)

Upon the completion of the Qualified Initial Public Offering ("IPO"), the outstanding preferred shares will automatically be converted into Class A ordinary shares on a 1:1 basis. The ordinary shares owned by Mr. Yusheng Han will be converted into Class B ordinary shares. Unaudited pro forma shareholders' deficit as of March 31, 2020, as adjusted for the assumed conversion of the convertible preference shares, is set forth on the consolidated balance sheets. Unaudited pro forma loss per 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 convertible preferred shares into ordinary stock upon the closing of the Company's Qualified IPO, as if it had occurred on January 1, 2020.

Employee defined contribution plan

As stipulated by the regulations of the PRC, full-time employees of the Group are entitled to staff welfare benefits including medical care, welfare subsidies, unemployment insurance and pension benefits through a PRC government-mandated multi-employer defined contribution plan. The Group is required to accrue for these benefits based on certain percentages of the qualified employees' salaries. The Group is required to make contributions to the plans out of the amounts accrued. The PRC government is responsible for the medical benefits and the pension liability to be paid to these employees and the Group's obligations are limited to the amounts contributed. The Group has no further payment obligations once the contributions have been paid. The Group recorded employee benefit expenses of RMB6,480 and RMB7,245 (US$1,023) for the three months ended March 31, 2019 and 2020, respectively.

Reverse share split

On January 30, 2020, the Company's board of directors and shareholders approved an amended and restated memorandum and articles of association of the Company to effect a reverse split of shares of all issued and unissued shares of the Company (including stock options issued or issuable to employees and directors) as well as issued and outstanding Preferred Shares, on a 2-for-1 basis (the "Reverse Share Split"). The par values and the authorized shares of the ordinary shares, preferred shares were adjusted as a result of the Reverse Share Split. The Reverse Share Split became effective on January 30, 2020. All ordinary shares, preferred shares, and related per share amounts contained in the financial statements have been retroactively adjusted to reflect the Reverse Share Split for all periods presented.

BURNING ROCK BIOTECH LIMITED

NOTES TO THE UNAUDITED INTERIM CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2020

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

3 SEGMENT REPORTING

For the three months ended March 31, 2019 and 2020, the Group had three operating segments, including central laboratory business, in-hospital business and pharma research and development services. The operating segments also represented the reporting segments. The Group's CODM assess the performance of the operating segments based on the measures of revenues, cost of revenue and gross profit by central laboratory business, in-hospital business and pharma research and development services. Other than the information provided below, the CODM do not use any other measures by segments.

Summarized information by segments for the three months ended March 31, 2019 and 2020 is as follows:

	For the three months ended March 31, 2019			
	Central laboratory business	In-hospital business	Pharma research and development services	Total
	RMB (unaudited)	RMB (unaudited)	RMB (unaudited)	RMB (unaudited)
Revenues:				
Revenues from services	72,807	(475)	5,101	77,433
Revenues from sales of products	—	27,032	—	27,032
Total revenues	**72,807**	**26,557**	**5,101**	**104,465**
Cost of revenues:	**(17,897)**	**(6,687)**	**(1,769)**	**(26,353)**
Gross profit	**54,910**	**19,870**	**3,332**	**78,112**

	For the three months ended March 31, 2020				
	Central laboratory business	In-hospital business	Pharma research and development services	Total	
	RMB (unaudited)	RMB (unaudited)	RMB (unaudited)	RMB (unaudited)	US$ (unaudited)
Revenues:					
Revenues from services	46,141	193	4,065	50,399	7,118
Revenues from sales of products	—	16,930	—	16,930	2,391
Total revenues	**46,141**	**17,123**	**4,065**	**67,329**	**9,509**
Cost of revenues:	**(13,707)**	**(6,997)**	**(1,841)**	**(22,545)**	**(3,184)**
Gross profit	**32,434**	**10,126**	**2,224**	**44,784**	**6,325**

BURNING ROCK BIOTECH LIMITED

NOTES TO THE UNAUDITED INTERIM CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2020

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

4 ACCOUNTS RECEIVABLE, NET

	As of		
	December 31, 2019	March 31, 2020	
	RMB	RMB	US$
		(unaudited)	
Accounts receivable	101,934	104,734	14,791
Allowance for doubtful accounts	(13,112)	(16,769)	(2,368)
	88,822	**87,965**	**12,423**

The following table presents the movement in the allowance for doubtful accounts:

	As of		
	December 31, 2019	March 31, 2020	
	RMB	RMB	US$
		(unaudited)	
Balance at the beginning of the period	1,827	13,112	1,852
Provisions	11,932	3,657	516
Write-offs	(647)	—	—
Balance at the end of the period	**13,112**	**16,769**	**2,368**

5 INVENTORIES

	As of		
	December 31, 2019	March 31, 2020	
	RMB	RMB	US$
		(unaudited)	
Raw materials	24,877	28,787	4,065
Work in progress	19,182	12,714	1,796
Finished goods	14,057	18,469	2,608
	58,116	**59,970**	**8,469**

BURNING ROCK BIOTECH LIMITED

NOTES TO THE UNAUDITED INTERIM CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2020

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

6 PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and other current assets consist of the following:

	As of		
	December 31, 2019	March 31, 2020	
	RMB	RMB	US$
		(unaudited)	
Deductible input VAT	37,254	32,887	4,644
Prepayments	14,217	14,314	2,022
Deferred IPO costs	9,686	10,798	1,525
Deposits	2,663	2,677	378
Interests receivables	7,194	10,896	1,539
Others	1,326	3,331	471
	72,340	**74,903**	**10,579**

7 PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following:

	As of		
	December 31, 2019	March 31, 2020	
	RMB	RMB	US$
		(unaudited)	
Machinery and laboratory equipment	120,478	122,054	17,237
Vehicles	2,296	2,296	324
Furniture and tools	7,541	7,591	1,072
Electronic equipment	26,708	27,200	3,841
Leasehold improvements	24,653	24,930	3,521
Construction in progress	674	113	16
	182,350	184,184	26,011
Accumulated depreciation	(93,036)	(99,983)	(14,120)
	89,314	**84,201**	**11,891**

Depreciation expenses recognized for the three months ended March 31, 2019 and 2020 were RMB6,911 and RMB7,653 (US$1,081), respectively.

The Group has entered into capital leases for certain laboratory equipment, electronic equipment and furniture and tools. The gross amount of laboratory equipment, electronic equipment and furniture and tools under capital leases were RMB14,794 (US$2,089), RMB3,048 (US$430) and RMB402 (US$57), respectively, as of March 31, 2020. The accumulated depreciation on the assets under capital lease were RMB4,570 (US$645) as of March 31, 2020.

BURNING ROCK BIOTECH LIMITED

NOTES TO THE UNAUDITED INTERIM CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2020

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

7 PROPERTY AND EQUIPMENT, NET (CONTINUED)

As of March 31, 2020, future minimum capital lease payments were as follows:

	RMB	US$
Remaining nine months of 2020	4,308	608
2021	5,111	722
Total minimum capital lease payments	9,419	1,330
Less: interest component	(886)	(125)
Present value of minimum capital lease payments	**8,533**	**1,205**

8 INTANGIBLE ASSETS, NET

Intangible assets consist of the following:

	As of		
	December 31, 2019	March 31, 2020	
	RMB	RMB	US$
		(unaudited)	
Computer software	1,643	1,646	233
Accumulated amortization	(1,300)	(1,366)	(193)
	343	**280**	**40**

Amortization expense recognized for the three months ended March 31, 2019 and 2020 were RMB131 and RMB66 (US$10), respectively. As of March 31, 2020, estimated amortization expense of the existing intangible assets for the remaining nine months ending December 31, 2020 and for the years ending December 31, 2021, 2022, 2023 and 2024 is RMB112, RMB137, RMB31, nil and nil, respectively.

9 ACCRUED LIABILITIES AND OTHER CURRENT LIABILITIES

Accrued liabilities and other current liabilities consist of the following:

	As of		
	December 31, 2019	March 31, 2020	
	RMB	RMB	US$
		(unaudited)	
Accrued payroll and welfare	25,366	19,892	2,809
Interests payable	593	622	88
Accrued reimbursement expenses	8,937	5,963	842
Professional service fees	9,707	6,095	861
Other taxes and surcharge	6,380	4,542	641
Others	3,076	1,564	221
	54,059	**38,678**	**5,462**

BURNING ROCK BIOTECH LIMITED

NOTES TO THE UNAUDITED INTERIM CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2020

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

10 BORROWINGS

Short-term borrowing

The short-term borrowing of the Group is RMB denominated borrowing obtained from a third-party company with interest rate of 5% per annum. The borrowing is unsecured and repayable on demand.

Long-term borrowings

In July 2018, the Group entered into a banking facility agreement with SPD Silicon Valley Bank, pursuant to which the Group was entitled to borrow up to RMB80,000 at varying rates. The first RMB10,000 of the facility had an annual interest rate of 6.5% and secured by accounts receivable of RMB34,807. The remaining RMB70,000 of the facility had an annual interest rate of 7.0%. The loan was intended for general working capital purposes. In 2018, the Group drew down RMB77,455 which is due in July 2020. In 2019, the Group early repaid the principal of RMB46,966. During the three months ended March 31, 2020, the Group further repaid the principal of RMB11,696.

In September 2019, the Group entered into a banking facility agreement for a term of two years with China Merchants Bank, pursuant to which the Group is entitled to borrow up to RMB33,000 at an interest rate separately agreed with the bank at each time of drawdown. The loan was intended for general working capital purposes. In December 2019, the Group drew down RMB14,720 at a fixed annual interest rate of 4.28% which is due in September 2021. During the three months ended March 31, 2020, the Group drew down additional RMB16,735 at a fixed annual interest rate of 4.28% which is due in September 2021.

In May 2018, the Group entered into two 3-year financing arrangements with Zhongguancun Technology Leasing Co., Ltd. bearing an interest rate of 5.8%, secured by certain machinery and laboratory equipment with original cost of RMB32,405.

As of March 31, 2020, total amount of RMB25,577 repayable within twelve months was classified as "Current portion of long-term borrowing".

Future maturities of long-term borrowing

As of March 31, 2020, aggregate future maturities of the Group's long-term borrowing were as follows:

	RMB	US$
Remaining nine months of 2020	24,277	3,429
2021	35,115	4,959
Total	**59,392**	**8,388**

BURNING ROCK BIOTECH LIMITED

NOTES TO THE UNAUDITED INTERIM CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2020

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

11 CONVERTIBLE PREFERRED SHARES AND WARRANT LIABILITY

In January 2020, the Group issued 1,064,950 Series C redeemable convertible preferred shares ("Series C Preferred Shares") to an investor upon the exercise of a Series C Warrant issued in January 2019 along with the issuance of Series C Preferred Shares. As of March 31, 2020, there were no warrants outstanding. The Group recognized a gain from the decrease in fair value of RMB64 and RMB3,503 (US$495) for the three months ended March 31, 2019 and 2020, respectively.

In January 2020, the Group issued 2,129,472 Series C+ redeemable convertible preferred shares ("Series C+ Preferred Shares") to certain investors at US$13.62 per share for total consideration of US$29,000.

The number of issued and outstanding preferred shares and the issuance price per share presented in the financial statements were retrospectively adjusted upon the Company's 2 for 1 Reverse Share Split. The Series A, Series A+, Series B, Series C and Series C+ Preferred Shares are collectively referred to as the "Preferred Shares".

Upon the issuance of Series C+ Preferred Shares, the ranking of Series A, Series A+, Series B and Series C Preferred Shares to dividends and liquidation preference was modified such that Series C+ Preferred Shares ranked senior to that of Series A, Series A+, Series B and Series C Preferred Shares. The Series C+ preferred shareholders are entitled to receive an amount equal to 120% of the Series C+ Issue Price (as adjusted for share splits, share dividends or similar transactions), plus all accrued but unpaid dividends, in preference to any distribution to the holders of the Series A, Series A+, Series B and Series C preferred shares and the common shareholders of the Company. The Series C+ Preferred Shares are redeemable at the holders' option at any time beginning on the third anniversary of the original Series C issue date at the redemption price equal to the original issue price (as adjusted for share splits, share dividends or similar transactions) plus 12% annual interest, and all accrued but unpaid dividends. All other remaining key terms and conditions of Series C+ Preferred Shares being identical to those of Series A, Series A+, Series B and Series C Preferred Shares.

The Series C+ Preferred Shares were initially classified as mezzanine equity. No beneficial conversion features was recognized for the Series C+ Preferred Shares as the fair value per ordinary share at the commitment date was less than the respective most favorable conversion price. The Company determined the estimated fair value of the ordinary shares with the assistance from an independent third-party valuation firm.

The liquidation preference amounts for Series A, Series A+, Series B, Series C and Series C+ Preferred Shares were RMB50,305 (US$7,104), RMB128,275 (US$18,116), RMB520,559 (US$73,517), RMB1,029,428 (US$145,383) and RMB241,341 (US$34,084), respectively, as of March 31, 2020.

The Group concluded that the Preferred Shares are not currently redeemable but are probable to become redeemable. The Group elected to recognize the changes in redemption value as they occur and adjust the carrying amount of the Preferred Shares to equal the redemption value at each reporting period.

BURNING ROCK BIOTECH LIMITED

NOTES TO THE UNAUDITED INTERIM CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2020

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

11 CONVERTIBLE PREFERRED SHARES AND WARRANT LIABILITY (CONTINUED)

Accretion charges were recorded as an increase to the net loss attributable to ordinary shareholders for the years presented. The change in the carrying value of the Preferred Shares and the corresponding accretion in the periods presented are as follows:

Mezzanine equity	Series A RMB	Series A+ RMB	Series B RMB	Series C RMB	Series C+ RMB	Total RMB
Balance as of December 31, 2019	57,849	129,142	466,983	873,059	—	1,527,033
Issuance of Series C+ preferred shares	—	—	—	—	201,118	201,118
Exercise of Series C warrant	—	—	—	88,593	—	88,593
Accretion of Preferred Shares	1,140	2,796	10,562	6,400	5,390	26,288
Balance as of March 31, 2020 (unaudited)	**58,989**	**131,938**	**477,545**	**968,052**	**206,508**	**1,843,032**
Balance as of March 31, 2020 (US$) (unaudited)	**8,331**	**18,633**	**67,442**	**136,715**	**29,165**	**260,286**

Repurchase of preferred shares

The Group repurchased 15,784 Series A+ Preferred Shares in January 2019 at a consideration of RMB1,000. The Group accounted for the difference of between the consideration paid and the fair value of the Series A+ Preferred Shares of RMB611 as compensation expenses relating to the employee shareholder of BRT Bio Tech Limited. The Group accounted for the difference of between the fair value and the carrying value of the Series A+ Preferred Shares of RMB216 as a dividend return to the preferred shareholders in the statements of shareholders' deficit.

12 SHARE-BASED COMPENSATION

On February 1, 2020, the Board of Directors approved the grant of 87,619 options to employees. The share- based awards are accounted for as equity awards and contain only service vesting conditions; and generally vest over a period of three years.

13 INCOME TAXES

There were no provisions for income taxes because the Company, its subsidiaries and the VIE are in a current loss position for all the periods presented. The Company recorded a full valuation allowance against deferred tax assets of all its consolidated entities because all entities were in a cumulative loss position as of December 31, 2019 and March 31, 2020.

BURNING ROCK BIOTECH LIMITED

NOTES TO THE UNAUDITED INTERIM CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2020

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

13 INCOME TAXES (CONTINUED)

As of March 31, 2020, there was no significant impact from tax uncertainties on the Group's unaudited interim condensed consolidated financial statement. The Group did not record any interest and penalties related to an uncertain tax position for the three months ended March 31, 2020. The Group does not expect the amount of unrecognized tax benefits would increase significantly in the next 12 months.

In general, the PRC tax authorities have up to five years to conduct examinations of the tax filings of the Company's PRC subsidiaries, the VIE and the VIE's subsidiaries. Accordingly, the PRC tax filings from 2015 through 2019 remain open to examination by the respective tax authorities. The Group may also be subject to the examinations of the tax filings in other jurisdictions, which are not material to the consolidated financial statements.

14 LOSS PER SHARE

Basic and diluted loss per share for the three months ended March 31, 2019 and 2020 are calculated as follows:

	For the three months ended March 31,		
	2019	2020	
	RMB (unaudited)	RMB (unaudited)	US$ (unaudited)
Numerator:			
Net loss attributable to Burning Rock Biotech Limited's shareholder	**(15,865)**	**(52,572)**	**(7,424)**
Accretion of convertible preferred shares	(50,296)	(26,288)	(3,713)
Net loss attributable to ordinary shareholders	**(66,161)**	**(78,860)**	**(11,137)**
Denominator:			
Weighted-average number of ordinary shares outstanding—basic and diluted	**23,167,232**	**25,031,575**	**25,031,575**
Loss per share—basic and diluted	**(2.86)**	**(3.15)**	**(0.44)**

For the periods presented herein, the computation of basic loss per share using the two-class method is not applicable as the Group is in a net loss position and the participating securities do not have contractual rights and obligations to share in the losses of the Group. The effects of all outstanding Preferred Shares, warrant and share options were excluded from the computation of diluted loss per share for the three months ended March 31, 2019 and 2020 as their effects would be anti-dilutive.

The unaudited pro forma loss per share is computed using the weighted-average number of ordinary shares outstanding and assumes the automatic conversion of all the Group's convertible preferred shares into Class A and Class B ordinary shares upon the closing of an IPO as if it had occurred on January 1, 2020.

BURNING ROCK BIOTECH LIMITED

NOTES TO THE UNAUDITED INTERIM CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2020

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

14 LOSS PER SHARE (CONTINUED)

The unaudited basic and diluted pro forma loss per share is calculated as follows:

	For the three months ended March 31, 2020			
	Class A		Class B	
	RMB	US$	RMB	US$
	(unaudited)		(unaudited)	
Numerator:				
Net loss attributable to ordinary shareholders	(63,123)	(8,915)	(15,737)	(2,222)
Deduct: Accretion of convertible preferred shares	(21,042)	(2,972)	(5,246)	(741)
Net loss used in computing pro forma loss per share—basic and diluted	**(42,081)**	**(5,943)**	**(10,491)**	**(1,481)**
Denominator:				
Weighted-average number of ordinary shares outstanding—basic and diluted	10,496,052	10,496,052	14,535,523	14,535,523
Add: adjustment to reflect assumed effect of automatic conversion of Preferred Shares	58,998,726	58,998,726	2,789,325	2,789,325
Pro Forma weighted average number of shares outstanding—basic and diluted	**69,494,778**	**69,494,778**	**17,324,848**	**17,324,848**
Pro Forma loss per share—basic and diluted	**(0.61)**	**(0.09)**	**(0.61)**	**(0.09)**

15 RELATED PARTY TRANSACTIONS

a) Related Parties

Name of related parties	Relationship
Yusheng Han	Shareholder of the shareholder of the Company, Chief Executive Officer, director
Shaokun Chuai	Shareholder of the shareholder of the Company, Chief Operating Officer, director
BRT Bio Tech Limited	Controlling shareholder of the Company until October 30, 2019
EaSuMed Holding Ltd.	Equity method investee

BURNING ROCK BIOTECH LIMITED

NOTES TO THE UNAUDITED INTERIM CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2020

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

15 RELATED PARTY TRANSACTIONS (CONTINUED)

b) The Group had the following related party balances at the end of the periods:

	As of		
	December 31, 2019	March 31, 2020	
	RMB	RMB	US$
		(unaudited)	
Yusheng Han	56,330	—	—
Shaokun Chuai	18,038	18,516	2,615
Total amounts due from related parties	**74,368**	**18,516**	**2,615**

All balances with related parties as of December 31, 2019 and March 31, 2020 were unsecured. All outstanding balances are repayable on demand unless otherwise disclosed. No allowance for doubtful accounts was recognized for the amount due from related parties for the three months ended March 31, 2019 and 2020.

c) The Group had the following related party transactions:

	For the three months ended March 31,		
	2019	2020	
	RMB	RMB	US$
	(unaudited)	(unaudited)	
Consulting service received from:			
EaSuMed Holding Ltd.	**239**	**—**	**—**
Borrowings provided to:			
Yusheng Han (i)	37,034	—	—
Shaokun Chuai (ii)	16,816	—	—
	53,850	**—**	**—**
Share repurchase from:			
BRT Bio Tech Limited (iii)	**1,000**	**—**	**—**
Interest income from:			
Yusheng Han	13	175	25
Shaokun Chuai	18	194	27
	31	**369**	**52**

(i) On March 29, 2019, the Group entered into a loan agreement with Yusheng Han with a principal amount of US$5,500 at the simple rate of 4.5% per annum, which was fully repaid in February and March 2020.

(ii) On March 28, 2019, the Group entered into a loan agreement with Shaokun Chuai with a principal amount of US$2,500 at the simple rate of 4.5% per annum, which was fully repaid in May 2020.

(iii) The Group repurchased 15,784 Series A+ Preferred shares held by BRT Bio Tech Limited in January 2019 for consideration of RMB1,000. The Company recorded compensation expense of RMB611 during the

BURNING ROCK BIOTECH LIMITED

NOTES TO THE UNAUDITED INTERIM CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2020

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

15 RELATED PARTY TRANSACTIONS (CONTINUED)

c) The Group had the following related party transactions: (continued)

period ended March 31, 2019, for the amount exceeding the fair value of the ordinary and preferred shares at repurchase date.

16 COMMITMENTS AND CONTINGENCIES

Operating lease commitments

Future minimum payments under non-cancelable operating leases with initial terms in excess of one year consist of the following as of March 31, 2020:

	RMB	US$
Remaining nine months of 2020	9,704	1,370
2021	11,304	1,596
2022	9,107	1,286
2023	8,833	1,247
2024 and thereafter	10,331	1,459
Total	**49,279**	**6,958**

Payments under operating leases are expensed on a straight-line basis over the periods of their respective leases. The Group's lease arrangements have no renewal options, rent escalation clauses, restrictions or contingent rents and are all executed with third parties. For the three months ended March 31, 2019 and 2020, total rental related expenses for all operating leases amounted to RMB1,011 and RMB1,496 (US$211), respectively.

Capital expenditure commitments

The Group has capital expenditure commitments for the laboratory leasehold improvements of RMB496 (US$70) as of March 31, 2020, which are scheduled to be paid within one year.

Contingencies

The Group is currently not involved in any legal or administrative proceedings that may have a material adverse impact on the Group's business, financial position or results of operations.

17 RESTRICTED NET ASSETS

Under the PRC laws and regulations, there are restrictions on the Company's PRC subsidiaries and the VIE with respect to transferring certain of their net assets to the Company either in the form of dividends, loans, or advances. As of December 31, 2019, and March 31, 2020, restricted net assets of the Company's PRC subsidiaries, the VIE and the VIE's subsidiaries, as determined pursuant to PRC GAAP, were RMB395,453 and RMB537,689 (US$75,936), respectively.

BURNING ROCK BIOTECH LIMITED

NOTES TO THE UNAUDITED INTERIM CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2020

(Amounts in thousands of Renminbi ("RMB") and US dollars ("US$"),

except for number of shares and per share data)

18 SUBSEQUENT EVENTS

The Group evaluated subsequent events through May 22, 2020, the date these unaudited interim condensed consolidated financial statements were issued.

Beginning in January 2020, the emergence and wide spread of the novel Coronavirus ("COVID-19") has resulted in quarantines, travel restrictions, and the temporary closure of stores and facilities in China and elsewhere. Substantially all of the Group's revenue and workforce are concentrated in China. Consequently, the COVID-19 outbreak may adversely affect the Group's business operations, financial condition and operating results for 2020, including but not limited to negative impact to the Group's total revenues and slower collection of accounts receivables and additional allowance for doubtful accounts. Because of the uncertainties surrounding the COVID-19 outbreak, the extent of the business disruption and the related financial impact cannot be reasonably estimated at this time.

On May 8, 2020, the Group repurchased 55,243 Series C Preferred Shares at a consideration of RMB3,500.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 6. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime.

The post-offering memorandum and articles of association that we expect to adopt and to become effective upon completion of this offering provide that we shall indemnify our directors and officers (each an indemnified person) against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such indemnified person, other than by reason of such person's own dishonesty, willful default or fraud, in or about the conduct of our company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including, without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such indemnified person in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere.

Pursuant to the indemnification agreements the form of which is filed as Exhibit 10.1 to this registration statement, we agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being such a director or officer.

The underwriting agreement, the form of which 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 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 Sale or Issuance	Number of Securities*	Consideration
SCC Venture VI Holdco, Ltd.	January 10, 2017	4,038,574 Series B convertible redeemable preferred shares	US$16.0 million
SCC Venture V Holdco I, Ltd.	January 10, 2017	797,724 Series B convertible redeemable preferred shares	conversion of convertible promissory note in a principal amount of US$2.5 million

Securities/Purchaser	Date of Sale or Issuance	Number of Securities*	Consideration
LYFE Capital Stone (Hong Kong) Limited	January 10, 2017	2,948,680 Series B convertible redeemable preferred shares	conversion of two convertible promissory notes in an aggregate principal amount of US$10.5 million
EverGreen SeriesC Limited Partnership	January 10, 2017	2,981,485 Series B convertible redeemable preferred shares	US$11.8 million
EverGreen SeriesC Limited Partnership	January 10, 2017	the number of Series C preferred shares to be issued equal to the entire principal amount of the Series B convertible promissory note together with any and all accumulated but unpaid interests divided by 95% of the issue price of Series C preferred shares to be issued	US$2.0 million
Crest Top Developments Limited	January 10, 2017	287,181 Series B convertible redeemable preferred shares	conversion of convertible promissory note in a principal amount of US$0.9 million
Anssence Investments Limited	January 10, 2017	29,725 Series B convertible redeemable preferred shares	conversion of convertible promissory note in a principal amount of US$0.1 million
BRT Bio Tech Limited	May 2, 2017	91,384 Series B convertible redeemable preferred shares	US$0.4 million
EverGreen SeriesC Limited Partnership	May 2, 2017	1,514,465 Series B convertible redeemable preferred shares	US$6.0 million

Securities/Purchaser	Date of Sale or Issuance	Number of Securities*	Consideration
EverGreen SeriesC Limited Partnership	May 2, 2017	the number of Series C preferred shares to be issued equal to the entire principal amount of the Series B convertible promissory note together with any and all accumulated but unpaid interests divided by 95% of the issue price of Series C preferred shares to be issued	US$15.0 million
BRT Bio Tech Limited	April 19, 2018	818,554 ordinary shares	exercise of share incentive awards granted to employees
BRT Bio Tech Limited	December 21, 2018	79,499 Series B preferred shares	US$0.3 million
EverGreen SeriesC Limited Partnership	January 31, 2019	2,033,485 Series C convertible redeemable preferred shares	conversion of two convertible promissory notes in an aggregate principal amount of US$17.0 million
BRT Bio Tech Limited	January 31, 2019	760,769 Series C convertible redeemable preferred shares	US$7.1 million
CMBI Private Equity Series SPC on behalf of and for the account of Biotechnology Fund IV SP	January 31, 2019	1,064,950 Series C convertible redeemable preferred shares	US$10.0 million
LAV Biosciences Fund V, L.P.	January 31, 2019	1,597,425 Series C convertible redeemable preferred shares	US$15.0 million
SCC Venture VI Holdco, Ltd.	January 31, 2019	319,485 Series C convertible redeemable preferred shares	US$3.0 million
LYFE Capital Stone (Hong Kong) Limited	January 31, 2019	266,238 Series C convertible redeemable preferred shares	US$2.5 million
LYFE Mount Whitney Limited	January 31, 2019	1,597,425 Series C convertible redeemable preferred shares	US$15.0 million

Securities/Purchaser	Date of Sale or Issuance	Number of Securities*	Consideration
A5J Ltd	January 31, 2019	266,238 Series C convertible redeemable preferred shares	US$2.5 million
Unique Invest Co., Ltd	January 31, 2019	106,495 Series C convertible redeemable preferred shares	US$1.0 million
Owap Investment Pte Ltd	January 31, 2019	4,259,800 Series C convertible redeemable preferred shares	US$40.0 million
Owap Investment Pte Ltd	January 31, 2019	Warrant to purchase 1,064,950 Series C convertible redeemable preferred shares	nil
Certain minority shareholders	October 30, 2019	1,864,343 ordinary shares	exercise of share incentive awards granted to employees
Certain minority shareholders	October 30, 2019 and December 20, 2019	252,497 Series C preferred shares	US$2.4 million
OrbiMed Entities	January 10, 2020	1,468,602 Series C+ convertible redeemable preferred shares	US$20.0 million
Casdin Partners Master Fund, L.P.	January 10, 2020	367,150 Series C+ convertible redeemable preferred shares	US$5.0 million
LAV Biosciences Fund V, L.P.	January 10, 2020	293,720 Series C+ convertible redeemable preferred shares	US$4.0 million
Owap Investment Pte Ltd	January 22, 2020	1,064,950 Series C convertible redeemable preferred shares	exercise of Series C Warrant
Share incentive awards			
Certain directors, officers and employees	March 18, 2014 through February 1, 2020	Options to purchase 5,125,106 ordinary shares	Past and future services to us

* The number of securities have retrospectively reflected the 2-for-1 reverse share split we effected in January 2020.

Item 8. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

a) Exhibits

See Exhibit Index beginning on page II-6 of this registration statement.

The agreements included as exhibits to this registration statement contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties were made solely for the benefit of the other parties to the applicable agreement and (i) were not intended to be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate; (ii) may have been qualified in such agreement by disclosure that was made to the other party in connection with the negotiation of the applicable agreement; (iii) may apply contract standards of "materiality" that are different from "materiality" under the applicable securities laws; and (iv) were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement.

We acknowledge that, notwithstanding the inclusion of the foregoing cautionary statements, we are responsible for considering whether additional specific disclosure of material information regarding material contractual provisions is required to make the statements in this registration statement not misleading.

b) Financial Statement Schedules

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the Consolidated Financial Statements or the Notes thereto.

Item 9. UNDERTAKINGS.

The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriter 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.

Burning Rock Biotech Limited
Exhibit Index

Exhibit Number	Description of Document
1.1	Form of Underwriting Agreement
3.1†	Ninth Amended and Restated Memorandum and Articles of Association of the Registrant, as currently in effect
3.2	Form of Tenth Amended and Restated Memorandum and Articles of Association of the Registrant, as effective upon completion of this offering
4.1	Specimen American Depositary Receipt (included in Exhibit 4.3)
4.2†	Registrant's Specimen Certificate for Ordinary Shares
4.3	Form of Deposit Agreement, among the Registrant, the depositary and the holders and beneficial owners of American Depositary Shares issued thereunder
4.4†	Fifth Amended and Restated Shareholders' Agreement between the Registrant and other parties thereto dated January 10, 2020
5.1†	Opinion of Maples and Calder (Hong Kong) LLP regarding the validity of the ordinary shares being registered and certain Cayman Islands tax matters
8.1†	Opinion of Maples and Calder (Hong Kong) LLP regarding certain Cayman Islands tax matters (included in Exhibit 5.1)
8.2†	Opinion of Shihui Partners regarding certain PRC tax matters (included in Exhibit 99.2)
10.1†	Form of Indemnification Agreement between the Registrant and its directors and executive officers
10.2†	Form of Employment Agreement between the Registrant and its executive officers
10.3†	English translation of Exclusive Business Cooperation Agreement between Beijing Burning Rock Biotech Limited and Burning Rock (Beijing) Biotechnology Co., Ltd. dated October 21, 2019
10.4†	English translation of Exclusive Option Agreement among Beijing Burning Rock Biotech Limited, Burning Rock (Beijing) Biotechnology Co., Ltd. and its shareholders dated October 21, 2019
10.5†	English translation of Equity Interest Pledge Agreement among Beijing Burning Rock Biotech Limited, Burning Rock (Beijing) Biotechnology Co., Ltd. and its shareholders dated October 21, 2019
10.6†	English translation of Agreement for Power of Attorney among Beijing Burning Rock Biotech Limited, Burning Rock (Beijing) Biotechnology Co., Ltd. and its shareholders dated October 21, 2019
10.7†	English translation of the executed form of Spousal Consent Letter granted by the spouses of individual shareholders of Burning Rock (Beijing) Biotechnology Co., Ltd. dated October 21, 2019
10.8†	Financial Support Undertaking Letter issued by the Registrant to Burning Rock (Beijing) Biotechnology Co., Ltd., dated October 21, 2019
10.9†	Voting proxy agreement by and between the Registrant and Beijing Burning Rock Biotech Limited dated October 21, 2019
10.10†	Series C Preferred Share Purchase Agreement by and among the Registrant and other parties thereto dated January 31, 2019

Exhibit Number	Description of Document
10.11†	Series C+ Preferred Share Purchase Agreement by and among the Registrant and other parties thereto dated December 30, 2019
10.12†	2020 Share Incentive Plan of the Registrant
10.13	Subscription Agreement between the Registrant and Lake Bleu Prime Healthcare Master Fund Limited dated June 5, 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 Maples and Calder (Hong Kong) LLP (included in Exhibit 5.1)
23.3†	Consent of Shihui Partners (included in Exhibit 99.2)
24.1†	Powers of Attorney (included on signature page)
99.1†	Code of Business Conduct and Ethics of the Registrant
99.2†	Opinion of Shihui Partners regarding certain PRC law matters
99.3†	Consent of China Insights Consultancy
99.4	Consent of Wendy Hayes
99.5	Consent of Min-Jui Richard Shen

* To be filed by amendment.
† Previously filed.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Guangzhou, Guangdong Province, China, on June 5, 2020.

Burning Rock Biotech Limited

By: /s/ Yusheng Han
Name: Yusheng Han
Title: Chairman of the Board of Directors and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Yusheng Han Yusheng Han	Chairman of the Board of Directors and Chief Executive Officer (principal executive officer)	June 5, 2020
* Shaokun (Shannon) Chuai	Director	June 5, 2020
* Leo Li	Director and Chief Financial Officer (principal financial officer and principal accounting officer)	June 5, 2020
* Gang Lu	Director	June 5, 2020
* Feng Deng	Director	June 5, 2020
* Yunxia Yang	Director	June 5, 2020
* Jing Rong	Director	June 5, 2020

*By: /s/ Yusheng Han
Name: Yusheng Han
Attorney-in-fact

SIGNATURE OF AUTHORIZED REPRESENTATIVE IN THE UNITED STATES

Pursuant to the Securities Act of 1933, the undersigned, the duly authorized representative in the United States of Burning Rock Biotech Limited has signed this registration statement or amendment thereto in New York on June 5, 2020.

Authorized U.S. Representative

Cogency Global Inc.

By: /s/ Colleen A. De Vries
Name: Colleen A. De Vries
Title: Senior Vice President

Exhibit 1.1

_____ American Depositary Shares

BURNING ROCK BIOTECH LIMITED

EACH REPRESENTING _____ CLASS A ORDINARY SHARES, PAR VALUE US$0.0002 PER SHARE

UNDERWRITING AGREEMENT

_____, 2020

[_____], 2020

Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036
United States of America

BofA Securities, Inc.
One Bryant Park
New York, NY 10036
United States of America

Cowen and Company, LLC
599 Lexington Avenue
New York, NY 10022
United States of America

As representatives (the "**Representatives**") of the several Underwriters named in Schedule I hereto

Ladies and Gentlemen:

Burning Rock Biotech Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands (the "**Company**"), proposes to issue and sell to the several Underwriters named in Schedule I hereto (the **Underwriters**") an aggregate of _____ Class A ordinary shares, par value US$0.0002 per share, of the Company (the "**Firm Shares**") in the form of _____ American Depositary Shares (as defined below) (the "**Firm ADSs**").

The Company also proposes to issue and sell to the several Underwriters not more than an additional _____ Class A ordinary shares, par value US$0.0002 per share, of the Company (the "**Additional Shares**") in the form of _____ American Depositary Shares (the "**Additional ADSs**"), if and to the extent that you, as the Representatives, shall have determined to exercise, on behalf of the Underwriters, the right to purchase such Additional ADSs granted to the Underwriters in Section 2 hereof. The Firm Shares and the Additional Shares are hereinafter collectively referred to as the "**Offered Shares**." The Firm ADSs and the Additional ADSs are hereinafter collectively referred to as the "**Offered ADSs**." The Offered ADSs and the underlying Offered Shares are hereinafter collectively referred to as the "**Offered Securities**." The Class A ordinary shares, par value US$0.0002 per share, of the Company to be outstanding after giving effect to the sales contemplated hereby are hereinafter referred to as the "**Class A Ordinary Shares**," and the Class A Ordinary Shares and Class B ordinary shares, par value US$0.0002 per share, of the Company are hereinafter collectively referred to as the "**Ordinary Shares**").

The Underwriters will take delivery of the Offered Shares in the form of American Depositary Shares (the "**American Depositary Shares**" or "**ADSs**"). The American Depositary Shares are to be issued pursuant to a Deposit Agreement dated as of _____ , 2020 (the "**Deposit Agreement**") among the Company, Citibank, N.A., as Depositary (the **Depositary**"), and the owners and holders from time to time of the American Depositary Shares issued under the Deposit Agreement. Each American Depositary Share will initially represent the right to receive _____ Class A Ordinary Share[s] deposited pursuant to the Deposit Agreement.

The Company has filed with the Securities and Exchange Commission (the "**Commission**") a registration statement, including a prospectus, relating to the Offered Shares and a registration statement relating to the Offered ADSs. The registration statement relating to the Offered Shares, 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 U.S. 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 the Offered Securities (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**." The registration statement relating to the American Depositary Shares, as amended at the time it becomes effective, is hereinafter referred to as the "**ADS Registration Statement**." If the Company has filed an abbreviated registration statement to register additional Offered Shares pursuant to Rule 462(b) under the Securities Act (the "**Rule 462 Registration Statement**"), then any reference herein to the term "Registration Statement" shall be deemed to include the corresponding Rule 462 Registration Statement. The Company has filed, in accordance with Section 12 of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), a registration statement on Form 8-A to register the Offered Securities (the "**Exchange Act Registration Statement**").

For purposes of this Agreement, "**free writing prospectus**" has the meaning set forth in Rule 405 under the Securities Act, "**Time of Sale Prospectus**" means the preliminary prospectus 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 OF THE COMPANY.**

1.1 **The Company represents and warrants to and agrees with each of the Underwriters that:**

(a) *Effectiveness of Registration Statement.* Each of the Registration Statement and the ADS Registration Statement has become effective under the Securities Act; the Exchange Act Registration Statement has become effective under the Exchange Act; no stop order suspending the effectiveness of the Registration Statement, the ADS Registration Statement or the Exchange Act Registration Statement is in effect, and no proceedings for such purpose are pending before or threatened by the Commission.

(b) *Compliance with Securities Law.* (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 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) the Registration Statement, the ADS Registration Statement and the Prospectus comply and, as amended or supplemented, if applicable, will comply 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 Offered Securities in connection with the offering when the Prospectus is not yet available to prospective purchasers, at the Closing Date (as defined in Section 4) and at each Option Closing Date (as defined in Section 2), 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 does not contain and, as amended or supplemented, 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, except 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 you expressly for use therein, it being understood and agreed that the only such information furnished by any Underwriter consists of the Underwriter Information described as such in Section 9(b) hereof.

(c) *Ineligible Issuer Status and Issuer Free Writing Prospectus.* 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 will comply 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 you before first use, the Company has not prepared, used or referred to, and will not, without the prior consent of the Representatives, prepare, use or refer to, any free writing prospectus. The Company has satisfied and agrees that it will satisfy the conditions in Rule 433 to avoid a requirement to file with the Commission any electronic road show. As of the time of each sale of the Offered Securities in connection with the offering when the Prospectus is not yet available to prospective purchasers, no free writing prospectuses, 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.

(d) *Good Standing of the Company.* The Company has been duly incorporated, is validly existing as an exempted company with limited liability in good standing under the laws of the Cayman Islands, has the corporate power and authority to own its property and to conduct its business as described in the Time of Sale Prospectus and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification. The currently effective memorandum and articles of association of the Company comply with the requirements of applicable Cayman Islands law and are in full force and effect. The tenth amended and restated memorandum and articles of association of the Company adopted on June 3, 2020 and filed as Exhibit 3.2 to the Registration Statement comply with the requirements of applicable Cayman Islands laws and, immediately prior to the closing on the Closing Date, will be in full force and effect. Complete and correct copies of all constitutive documents of the Company and all amendments thereto have been delivered to the Representatives; except as set forth in the Registration Statements, no change will be made to any such constitutive documents on or after the date of this Agreement through and including the Closing Date.

(e) *Subsidiaries and Consolidated Affiliated Entities.* Each of the Company's direct and indirect subsidiaries (each a **Subsidiary**" and collectively, the "**Subsidiaries**") has been identified on Schedule III-A hereto, and each of the entities which the Company directly or indirectly controls through contractual arrangements (each an "**Consolidated Affiliated Entity**" and collectively, the "**Consolidated Affiliated Entities**") has been identified on Schedule III-B hereto. Each of the Subsidiaries and Consolidated Affiliated Entities has been duly incorporated, is validly existing as a corporation with limited liability or a private non-enterprise entity (legal person) established under the laws of the jurisdiction of its incorporation, as the case may be, and in good standing under the laws of the jurisdiction of its incorporation, has full power and authority (corporate or otherwise) to own its property and to conduct its business as described in the Time of Sale Prospectus and the Prospectus, and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification; all of the equity interests of each Subsidiary have been duly and validly authorized and issued, are owned directly or indirectly by the Company, are fully paid in accordance with its articles of association and non-assessable and are free and clear of all liens, encumbrances, equities or claims; all of the equity interests in each Consolidated Affiliated Entity have been duly and validly authorized and issued, are fully paid in accordance with its articles of association and non-assessable and are owned as described in the Time of Sale Prospectus and the Prospectus, and, except as described in the Time of Sale Prospectus and the Prospectus, free and clear of all liens, encumbrances, equities or claims. None of the outstanding share capital or equity interest in any Subsidiary was issued in violation of preemptive or similar rights of any security holder of such Subsidiary. All of the constitutive or organizational documents of each of the Subsidiaries and Consolidated Affiliated Entities comply with the requirements of applicable laws of its jurisdiction of incorporation or organization and are in full force and effect. Apart from the Subsidiaries and Consolidated Affiliated Entities, the Company has no direct or indirect subsidiaries or any other company over which it has direct or indirect effective control.

(f) *VIE Agreements and Corporate Structure.*

(i) The description of the corporate structure of the Company and each of the contracts among Beijing Burning Rock Biotech Limited (the "**WFOE**"), Burning Rock (Beijing) Biotechnology Co., Ltd. (the "**VIE**") and the shareholders of the VIE, as the case may be (each a "**VIE Agreement**" and collectively the "**VIE Agreements**"), as set forth in the Time of Sale Prospectus and the Prospectus under the captions "Corporate History and Structure" and "Related Party Transactions" and filed as Exhibits 10.3 through 10.9 to the Registration Statement, is true and accurate in all material respects and nothing has been omitted from such description which would make it misleading in any material respect. There is no other material agreement, contract or other document relating to the corporate structure or the operation of the Company together with its Subsidiaries and Consolidated Affiliated Entities taken as a whole, which has not been previously disclosed or made available to the Underwriters and disclosed in the Time of Sale Prospectus and the Prospectus.

(ii) Each VIE Agreement has been duly authorized, executed and delivered by the parties thereto and constitutes a valid and legally binding obligation of the parties thereto, 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. No consent, approval, authorization, or order of, or filing or registration with, any person (including any governmental agency or body or any court) is required for the performance of the obligations under any VIE Agreement by the parties thereto, other than those as described in the Registration Statement, the Time of Sale Prospectus and the Prospectus; and no consent, approval, authorization, order, filing or registration that has been obtained is being withdrawn or revoked or is subject to any condition precedent which has not been fulfilled or performed. The corporate structure of the Company complies with all applicable laws and regulations of the People's Republic of China (the "**PRC**"), and neither the corporate structure nor the VIE Agreements violate, breach, contravene or otherwise conflict with any applicable laws of the PRC. There is no legal or governmental proceeding, inquiry or investigation pending against the Company, the WFOE, the VIE, or shareholders of the VIE in any jurisdiction challenging the validity of any of the VIE Agreements, and to the knowledge of the Company, no such proceeding, inquiry or investigation is threatened in any jurisdiction.

(iii) The execution, delivery and performance of each VIE Agreement by the parties thereto do not and will not result in a breach or violation of any of the terms and provisions of, or constitute a default under, or result in the imposition of any lien, encumbrance, equity or claim upon any property or assets of the Company or any of the Subsidiaries and Consolidated Affiliated Entities pursuant to (A) the constitutive or organizational documents of the Company or any of the Subsidiaries and Consolidated Affiliated Entities, (B) any statute, rule, regulation or order of any governmental agency or body or any court, domestic or foreign, having jurisdiction over the Company or any of the Subsidiaries and Consolidated Affiliated Entities or any of their properties, or any arbitration award, or (C) any indenture, mortgage, deed of trust, loan agreement or other material agreement or instrument to which the Company or any of the Subsidiaries and Consolidated Affiliated Entities is a party or by which the Company or any of the Subsidiaries and Consolidated Affiliated Entities is bound or to which any of the properties of the Company or any of the Subsidiaries and Consolidated Affiliated Entities is subject, except, in the cases of (B) and (C), for such conflict, breach, violation or default that would not reasonably be expected to have a Material Adverse Effect. A "**Material Adverse Effect**" means a material adverse effect on the condition (financial or otherwise), earnings, results of operations, business or prospects of the Company and its Subsidiaries and Consolidated Affiliated Entities, taken as a whole, or on the ability of the Company and its Subsidiaries and Consolidated Affiliated Entities to carry out their obligations under this Agreement and the Deposit Agreement or to consummate the transactions contemplated by the Time of Sale Prospectus. Each VIE Agreement is in full force and effect and none of the parties thereto is in breach or default in the performance of any of the terms or provisions of such VIE Agreement. None of the parties to any of the VIE Agreements has sent or received any communication regarding termination of, or intention not to renew, any of the VIE Agreements, and no such termination or non-renewal has been threatened by any of the parties thereto.

(iv) The Company possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the VIE, through its rights to authorize the shareholders of the VIE to exercise their voting rights.

(g) *Authorization of this Agreement.* This Agreement has been duly authorized, executed and delivered by the Company and constitutes valid and legally binding obligations of the Company enforceable in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(h) *Authorization of the Deposit Agreement.* The Deposit Agreement has been duly authorized, executed and delivered by the Company and assuming due authorization, execution and delivery by the Depositary, constitutes a valid and legally binding obligation 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. This Agreement and the Deposit Agreement conform in all material respects to the descriptions thereof contained in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus.

(i) *Due Authorization of Registration Statements.* The Registration Statement, the preliminary prospectus, the Prospectus, any issuer free writing prospectus and the ADS Registration Statement and the filing of the Registration Statement, the Prospectus, any issuer free writing prospectus and the ADS Registration Statement with the Commission have been duly authorized by and on behalf of the Company, and the Registration Statement and the ADS Registration Statement have been duly executed pursuant to such authorization by and on behalf of the Company.

(j) *Share Capital.* The authorized share capital of the Company conforms as to legal matters to the description thereof contained in each of the Registration Statement, the Time of Sale Prospectus and the Prospectus.

(k) *Ordinary Shares.* (i) The Ordinary Shares outstanding prior to the issuance of the Offered Shares have been duly authorized and are validly issued, fully paid and non-assessable. As of the date hereof, the Company has authorized and outstanding capitalization as set forth in the sections of the Time of Sale Prospectus and the Prospectus under the headings "Capitalization" and "Description of Share Capital" and, as of the Closing Date, the Company shall have authorized and outstanding capitalization as set forth in the sections of the Time of Sale Prospectus and the Prospectus under the headings "Capitalization" and "Description of Share Capital." (ii) Except as described in the Time of Sale Prospectus and the Prospectus, there are (A) no outstanding securities issued by the Company convertible into or exchangeable for, rights, warrants or options to acquire from the Company, or obligations of the Company to issue, Ordinary Shares or any of the share capital of the Company, and (B) no outstanding rights, warrants or options to acquire, or instruments convertible into or exchangeable for, any share capital of, or any direct interest in, any of the Company's Subsidiaries and Consolidated Affiliated Entities.

(l) *Offered ADSs.* The Offered ADSs, when issued by the Depositary against the deposit of the Offered Shares in respect thereof in accordance with the provisions of the Deposit Agreement, will be duly authorized, validly issued and the persons in whose names such Offered ADSs are registered will be entitled to the rights of registered holders of American depositary receipt specified therein and in the Deposit Agreement.

(m) *Offered Securities.* (i) The Offered Shares to be sold by the Company have been duly authorized and, when issued and delivered in accordance with the terms of this Agreement, will be validly issued, fully paid and non-assessable, and the issuance of such Offered Shares will not be subject to any preemptive rights, resale rights, rights of first refusal or similar rights. The Offered Shares, when issued and delivered against payment therefor in accordance with the terms of this Agreement, will be free of any restriction upon the voting or transfer thereof pursuant to the Company's constitutive documents or any agreement or other instrument to which the Company is a party. (ii) The Offered Securities, when issued, are freely transferable by the Company to or for the account of the several Underwriters and the initial purchasers thereof, and, except as described in the Time of Sale Prospectus and the Prospectus, there are no restrictions on subsequent transfers of the Offered Securities under the laws of the Cayman Islands, the PRC by non-PRC resident holders, Hong Kong or the United States.

(n) *Accurate Disclosure.* The statements in the Time of Sale Prospectus and the Prospectus under the headings "Prospectus Summary," "Risk Factors," "Dividend Policy," "Enforceability of Civil Liabilities," "Corporate History and Structure," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business," "Regulation," "Management," "Principal Shareholders," "Related Party Transactions," "Description of Share Capital," "Description of American Depositary Shares," "Taxation" and "Underwriting," insofar as such statements summarize legal matters, agreements, documents or proceedings discussed therein, are accurate, complete and fair summaries of such matters described therein in all material respects.

(o) *Listing.* The ADSs have been approved for listing on NASDAQ, subject to official notice of issuance.

(p) *Compliance with Law, Constitutive Documents and Contracts.* Neither the Company nor any of the Subsidiaries and Consolidated Affiliated Entities is (i) in breach or violation of any provision of applicable laws or regulations, or (ii) is in breach or violation of its respective constitutive documents, or (iii) in default under (nor has any event occurred which, with notice, lapse of time or both, would result in any breach or violation of, constitute a default under or give the holder of any indebtedness (or a person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a part of such indebtedness under) any agreement or other instrument that is (x) binding upon the Company or any of the Subsidiaries and Consolidated Affiliated Entities and (y) material to the Company and the Subsidiaries and Consolidated Affiliated Entities taken as a whole, or any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company or any of the Subsidiaries and Consolidated Affiliated Entities, except in the case of (i) above, where such breach or violation would not reasonably be expected to have a Material Adverse Effect.

(q) *Absence of Defaults and Conflicts Resulting from Transaction.* The execution and delivery by the Company of, and the performance by the Company of its obligations under, this Agreement and the Deposit Agreement will not contravene (i) any provision of applicable law or the memorandum and articles of association or other constitutive documents of the Company, (ii) any agreement or other instrument binding upon the Company or any of the Subsidiaries and Consolidated Affiliated Entities that is material to the Company and the Subsidiaries and Consolidated Affiliated Entities, taken as a whole, or (iii) any judgment, order or decree of any governmental body, agency or court having jurisdiction over the Company or any of the Subsidiaries and Consolidated Affiliated Entities; and no consent, approval, authorization or order of, or qualification with, any governmental body or agency is required for the performance by the Company of its obligations under this Agreement or the Deposit Agreement, except such as may be required by the securities or Blue Sky laws of the various states of the United States of America in connection with the offer and sale of the Offered Securities.

(r) *No Material Adverse Change in Business.* Since the end of the period covered by the latest audited financial statements included in the Registration Statement, the Time of Sale Prospectus and the Prospectus (i) except as disclosed in the Registration Statement, the Time of Sale Prospectus and the Prospectus, there has been no material adverse change, nor any development or event involving a prospective material adverse change, in the condition (financial or otherwise), results of operations, business, properties or prospects of the Company and its Subsidiaries and Consolidated Affiliated Entities, taken as a whole; (ii) there has been no purchase of its own outstanding share capital by the Company, no dividend or distribution of any kind declared, paid or made by the Company on any class of its share capital; (iii) there has been no material adverse change in the share capital, short-term indebtedness, long-term indebtedness, net current assets or net assets of the Company and its subsidiaries, taken as a whole; (iv) except as described in the Time of Sale Prospectus and the Prospectus, neither the Company nor any of its Subsidiaries and Consolidated Affiliated Entities has (A) entered into or assumed any material transaction or agreement, (B) incurred, assumed or acquired any material liability or obligation, direct or contingent, (C) acquired or disposed of or agreed to acquire or dispose of any business or any other material asset, or (D) agreed to take any of the foregoing actions; and (v) neither the Company nor any of its Subsidiaries and Consolidated Affiliated Entities has sustained any material loss or interference with its business from fire, explosion, flood, typhoon, or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree.

(s) *No Pending Proceedings.* There are no legal or governmental proceedings pending or threatened (including any inquiries or investigations by any court or governmental agency or body, domestic or foreign) to which the Company, any of its Subsidiaries and Consolidated Affiliated Entities or any of its executive officers, directors and key employees is a party or to which any of the properties of the Company or any of its Subsidiaries and Consolidated Affiliated Entities is subject (i) other than proceedings that would not have a Material Adverse Effect or (ii) that are required to be described in the Registration Statement or the Prospectus and are not so described.

(t) *Preliminary Prospectuses.* 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.

(u) *Investment Company Act.* The Company is not, and after giving effect to the offering and sale of the Offered Securities and the application of the proceeds thereof as described in 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 (the "**1940 Act**").

(v) *Environmental Laws.* (i) The Company and its Subsidiaries and Consolidated Affiliated Entities, (A) are in compliance with any and all applicable national, local and foreign laws and regulations (including, for the avoidance of doubt, all applicable laws and regulations of the PRC) relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("**Environmental Laws**"), (B) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (C) are in compliance with all terms and conditions of any such permit, license or approval. (ii) 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), except in the case of (i) and (ii) above, for those that would, singly or in the aggregate, not have a Material Adverse Effect.

(w) *Registration Rights.* Except as disclosed in 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 owned or to be owned by such person or to require the Company to include such securities in the securities registered pursuant to the Registration Statement or in any securities being registered pursuant to any other registration statement filed by the Company under the Securities Act (collectively, "**registration rights**"), and any person to whom the Company has granted registration rights has agreed not to exercise such rights until after the expiration of the Restricted Period referred to in Section 6.1(u) hereof.

(x) *Compliance with Anti-Corruption Laws.* Neither the Company nor any of its Subsidiaries and Consolidated Affiliated Entities or their respective affiliates, nor any director, officer or employee thereof nor, to the Company's knowledge, any agent or representative of the Company or of any of its Subsidiaries and Consolidated Affiliated Entities or their respective affiliates, has (i) used any funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (ii) 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) to influence official action or secure an improper advantage; (iii) taken any action, directly or indirectly, that would result in a violation by such person of any provision of the Foreign Corrupt Practices Act of 1977, as amended, or any applicable law or regulation implementing the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, or committed an offence under the Bribery Act 2010 of the United Kingdom, or any other applicable anti-bribery or anti-corruption laws; (iv) made, offered, agreed, requested or taken an act in furtherance of any unlawful bribe or other unlawful benefit, including, without limitation, any rebate, payoff, influence payment, kickback or other unlawful or improper payment or benefit; or (v) 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; and the Company and its Subsidiaries and Consolidated Affiliated Entities 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.

(y) *Compliance with Anti-Money Laundering Laws.* The operations of the Company and its Subsidiaries and Consolidated Affiliated Entities are and have been conducted at all times in 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 all jurisdictions where the Company and its Subsidiaries and Consolidated Affiliated Entities 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 Law**s"), 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 and Consolidated Affiliated Entities with respect to the Anti-Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

(z) *Compliance with OFAC.* (i) Neither the Company nor any of its Subsidiaries and Consolidated Affiliated Entities, nor any director, officer or employee thereof, nor, to the knowledge of the Company, any agent, affiliate or representative of the Company or any of its Subsidiaries and Consolidated Affiliated Entities, is an individual or entity ("**Person**") that is, or is owned or controlled by one or more Persons that are:

(A) the subject or target of any sanctions administered or enforced by the U.S. Department of Treasury's Office of Foreign Assets Control ("**OFAC**"), the United Nations Security Council ("**UNSC**"), the European Union ("**EU**"), Her Majesty's Treasury ("**HMT**"), or other relevant sanctions authority (collectively, **Sanctions**"), nor

(B) located, organized or resident in a country, region or territory that is, the subject or target of Sanctions (including, without limitation, Crimea, Cuba, Iran, North Korea, Sudan and Syria).

(ii) The Company and its Subsidiaries and Consolidated Affiliated Entities 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, or whose government is, the subject or target of 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) For the past five years, the Company and its Subsidiaries and Consolidated Affiliated Entities 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 or target of Sanctions.

(aa) *Title to Property.* (i) Each of the Company and its Subsidiaries and Consolidated Affiliated Entities has good and marketable title (valid land use rights and building ownership certificates in the case of real property located in the PRC) to all real property and good and marketable title to all personal property, in each case, owned by them which is material to the business of the Company and its Subsidiaries and Consolidated Affiliated Entities, in each case free and clear of all liens, encumbrances and defects except such as do not materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company and its Subsidiaries and Consolidated Affiliated Entities; and any real property and buildings held under lease by the Company and its Subsidiaries and Consolidated Affiliated Entities are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company and its Subsidiaries and Consolidated Affiliated Entities, in each case except as described in the Time of Sale Prospectus and the Prospectus.

(bb) *Possession of Intellectual Property.* Except as disclosed in the Time of Sale Prospectus and the Prospectus, the Company and its Subsidiaries and Consolidated Affiliated Entities own, possess, have been authorized to use or can acquire on reasonable terms sufficient trademarks, trade names, patent rights, copyrights, domain names, licenses, approvals, trade secrets, inventions, technology, know-how and other intellectual property and similar rights, including registrations and applications for registration thereof (collectively, "**Intellectual Property Rights**") necessary or material to the conduct of the business now conducted or proposed to be conducted as described in the Time of Sale Prospectus and the Prospectus, and the expected expiration of any such Intellectual Property Rights would not, individually or in the aggregate, have a Material Adverse Effect. Except as disclosed in the Time of Sale Prospectus and the Prospectus, (i) there are no rights of third parties to any of the Intellectual Property Rights owned by the Company or its Subsidiaries and Consolidated Affiliated Entities; (ii) there is no infringement, misappropriation breach, default or other violation, or the occurrence of any event that with notice or the passage of time would constitute any of the foregoing, by the Company or its Subsidiaries and Consolidated Affiliated Entities or third parties of any of the Intellectual Property Rights of the Company or its Subsidiaries and Consolidated Affiliated Entities; (iii) there is no pending or threatened action, suit, proceeding or claim by others challenging the Company's or the Subsidiaries' and Consolidated Affiliated Entities' rights in or to, or the violation of any of the terms of, any of their Intellectual Property Rights, and the Company is unaware of any facts which would form a reasonable basis for any such claim; (iv) there is no pending or threatened action, suit, proceeding or claim by others challenging the validity, enforceability or scope of any such Intellectual Property Rights, and the Company is unaware of any facts which would form a reasonable basis for any such claim; (v) there is no pending or threatened action, suit, proceeding or claim by others that the Company, any Subsidiary or any Consolidated Affiliated Entity infringes, misappropriates or otherwise violates or conflicts with any Intellectual Property Rights or other proprietary rights of others and the Company is unaware of any other fact which would form a reasonable basis for any such claim; and (vi) none of the Intellectual Property Rights used by the Company or its Subsidiaries and Consolidated Affiliated Entities in their businesses has been obtained or is being used by the Company or its Subsidiaries and Consolidated Affiliated Entities in violation of any contractual obligation binding on the Company or its Subsidiaries and Consolidated Affiliated Entities in violation of the rights of any persons, except in each case covered by clauses (i) to (vi) such as would not, if determined adversely to the Company or its Subsidiaries or Consolidated Affiliated Entities, individually or in the aggregate, have a Material Adverse Effect.

(cc) *Merger or Consolidation.* Neither the Company nor any of its Subsidiaries or Consolidated Affiliated Entities is a party to any effective memorandum of understanding, letter of intent, definitive agreement or any similar agreements with respect to a merger or consolidation or an acquisition or disposition of assets, technologies, business units or businesses which is required to be described in the Registration Statement, the Time of Sale Prospectus and the Prospectus and which is not so described.

(dd) *Termination of Contracts.* Except as described in the Time of Sale Prospectus and the Prospectus, neither the Company nor any of its Subsidiaries or Consolidated Affiliated Entities has sent or received any communication regarding termination of, or intent not to renew, any of the contracts or agreements referred to or described in the Time of Sale Prospectus and the Prospectus or filed as an exhibit to the Registration Statement, and no such termination or non-renewal has been threatened by the Company or any of its Subsidiaries or Consolidated Affiliated Entities, or to the knowledge of the Company, any other party to any such contract or agreement, except for such terminations and non-renewals that would not, singly, or in the aggregate, have a Material Adverse Effect.

(ee) *Absence of Labor Dispute; Compliance with Labor Law.* No material labor dispute with the employees or third-party contractors of the Company or any of its Subsidiaries and Consolidated Affiliated Entities 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 the principal suppliers, service providers or business partners of the Company and its Subsidiaries and Consolidated Affiliated Entities that could have a Material Adverse Effect. Except as disclosed in the Registration Statement, the Time of Sale Prospectus and the Prospectus, the Company and its Subsidiaries and Consolidated Affiliated Entities are and have been in all times in compliance with all applicable labor laws and regulations in all material respects, and no governmental investigation or proceedings with respect to labor law compliance exists, or to the knowledge of the Company, is imminent.

(ff) *Insurance*. Except as disclosed in the Registration Statement, the Time of Sale Prospectus and the Prospectus, each of the Company and its Subsidiaries and Consolidated Affiliated Entities are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which they are engaged; neither the Company nor any of its Subsidiaries and Consolidated Affiliated Entities has been refused any insurance coverage sought or applied for; and neither the Company nor any of its Subsidiaries and Consolidated Affiliated Entities 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 have a Material Adverse Effect.

(gg) *Possession of Licenses and Permits.* Except as disclosed in the Time of Sale Prospectus and the Prospectus, (i) each of the Company and its Subsidiaries and Consolidated Affiliated Entities possesses all licenses, certificates, authorizations, declarations and permits issued by, and has made all necessary reports to and filings with, the appropriate national, local or foreign regulatory authorities having jurisdiction over the Company and each of its Subsidiaries and Consolidated Affiliated Entities and their respective assets and properties, for the Company and each of its Subsidiaries and Consolidated Affiliated Entities that are necessary to conduct their respective businesses, except for such failure to possess, report or file that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect; (ii) each of the Company and its Subsidiaries and Consolidated Affiliated Entities is in compliance with the terms and conditions of all such licenses, certificates, authorizations and permits; (iii) such licenses, certificates, authorizations and permits are valid and in full force and effect and contain no materially burdensome restrictions or conditions not described in the Time of Sale Prospectus or the Prospectus; (iv) neither the Company nor any of its Subsidiaries and Consolidated Affiliated Entities has received any notice of proceedings relating to the revocation or modification of any such license, certificate, authorization or permit; (v) neither the Company nor any of its Subsidiaries has any reason to believe that any such license, certificate, authorization or permit will not be renewed in the ordinary course except for such failure to renew that would not have a Material Adverse Effect.

(hh) *Related Party Transactions.* No material relationships or material transactions, direct or indirect, exist between any of the Company or its Subsidiaries and Consolidated Affiliated Entities on the one hand and their respective shareholders, affiliates, officers and directors or any affiliates or family members of such persons on the other hand, except as described in the Time of Sale Prospectus and the Prospectus.

(ii) *PFIC Status.* Based on the Company's audited financial statements, the manner in which it conducts its business, relevant market data and the Company's current expectations regarding the value and nature of its assets and the sources and nature of its income, the Company does not anticipate being a passive foreign investment company within the meaning of the Internal Revenue Code of 1986, as amended (the "**Code**"), for its current taxable year or the foreseeable future.

(jj) *No Transaction or Other Taxes*. No transaction, stamp, capital or other documentary, issuance, registration, transfer, withholding or other taxes or duties are payable by or on behalf of the Underwriters to the government of the PRC, Hong Kong or the Cayman Islands or any political subdivision or taxing authority thereof in connection with (i) the creation, allotment, issuance, sale and delivery of the Offered Securities by the Company or the deposit of the Offered Shares with the Depositary and the Custodian, as defined in the Deposit Agreement (the "**Custodian**"), the issuance of the Offered ADSs by the Depositary, and the delivery of the Offered ADSs to or for the account of the Underwriters, (ii) the purchase from the Company of the Offered Securities and the initial sale and delivery of the Offered Securities to purchasers thereof by the Underwriters in the manner described in the Time of Sale Prospectus and the Prospectus, or (iii) the execution, delivery or performance of this Agreement or the Deposit Agreement; except that Cayman Islands stamp duty may be payable in the event that this Agreement or the Deposit Agreement is executed in or brought within the jurisdiction of the Cayman Islands.

(kk) *Independent Accountants.* Ernst & Young Hua Ming LLP, whose reports on the consolidated financial statements of the Company are included in the Registration Statement, the Time of Sale Prospectus and the Prospectus, is an independent registered public accounting firm with respect to the Company as required by the Securities Act and by the rules of the Public Company Accounting Oversight Board (United States).

(ll) *Financial Statements.* The financial statements included in the Registration Statement, the Time of Sale Prospectus and the Prospectus, together with the related notes and schedules thereto, present fairly the consolidated financial position of the Company and the Subsidiaries and Consolidated Affiliated Entities as of the dates indicated and consolidated results of operations, cash flows and changes in shareholders' deficit of the Company for the periods specified and have been prepared in compliance as to form in all material respects with the applicable accounting requirements of the Securities Act and the related rules and regulations adopted by the Commission and in conformity with United States generally accepted accounting principles applied on a consistent basis during the periods involved; the other financial data contained in the Registration Statement, the Time of Sale Prospectus and the Prospectus are accurately and fairly presented and prepared on a basis consistent with the financial statements and books and records of the Company; there are no financial statements (historical or pro forma) that are required to be included in the Registration Statement, the Time of Sale Prospectus or the Prospectus that are not included as required; and the Company and the Subsidiaries and Consolidated Affiliated Entities do not have any material liabilities or obligations, direct or contingent (including any off-balance sheet obligations) not described in the Registration Statement, the Time of Sale Prospectus and the Prospectus.

(mm) *Critical Accounting Policies.* The section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Time of Sale Prospectus and the Prospectus accurately and fairly describes (i) the accounting policies that the Company believes are the most important in the portrayal of the Company's financial condition and results of operations and that require management's most difficult subjective or complex judgment; (ii) the material judgments and uncertainties affecting the application of critical accounting policies and estimates; (iii) the likelihood that materially different amounts would be reported under different conditions or using different assumptions and an explanation thereof; (iv) all material trends, demands, commitments and events known to the Company, and uncertainties, and the potential effects thereof, that the Company believes would materially affect its liquidity and are reasonably likely to occur; and (v) all off-balance sheet commitments and arrangements of the Company and its Subsidiaries and Consolidated Affiliated Entities, if any. The Company's directors and management have reviewed and agreed with the selection, application and disclosure of the Company's critical accounting policies as described in the Registration Statement, the Time of Sale Prospectus and the Prospectus and have consulted with its independent accountants with regards to such disclosure.

(nn) *Internal Controls and Compliance with the Sarbanes-Oxley Act.* The Company, its Subsidiaries and Consolidated Affiliated Entities and the Company's board of directors will be in compliance with the Sarbanes-Oxley Act of 2002 (the "**Sarbanes-Oxley Act**") and all applicable rules of NASDAQ upon the completion of the offering of the Offered Securities. Except as disclosed in the Time of Sale Prospectus and the Prospectus, the Company maintains a system of internal controls over accounting matters sufficient to provide reasonable assurances 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 generally accepted accounting principles in the United States 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. Except as described in the Time of Sale Prospectus and the Prospectus, 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 (whether or not remediated) and (ii) no change in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. Each of the Company's independent directors meets the criteria for "independence" under the Sarbanes-Oxley Act, the rules and regulations of the Commission and the rules of NASDAQ. The Company and its Subsidiaries and the Consolidated Affiliated Entities maintain an effective system of "disclosure controls and procedures" (as defined in Rule 13a-15(e) of the Exchange Act) that complies with the requirements of the Exchange Act and that has been designed to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms, including controls and procedures designed to ensure that such information is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure. The Company and its Subsidiaries and the Consolidated Affiliated Entities have carried out evaluations of the effectiveness of their disclosure controls and procedures as required by Rule 13a-15 of the Exchange Act.

(oo) *Absence of Accounting Issues.* The Company has not received any notice, oral or written, from the board of directors stating that it is reviewing or investigating, and neither the Company's independent auditors nor its internal auditors have recommended that the board of directors review or investigate, (i) adding to, deleting, changing the application of, or changing the Company's disclosure with respect to, any of the Company's material accounting policies or (ii) any matter which could result in a restatement of the Company's financial statements for any annual or interim period during the current or prior three fiscal years.

(pp) *Operating and Other Company Data.* All operating and other Company data disclosed in the Registration Statement, the Time of Sale Prospectus and the Prospectus are true and accurate in all material respects.

(qq) *Third-party Data.* Any statistical, industry-related and market-related data included in the Registration Statement, the Time of Sale Prospectus or Prospectus are based on or derived from sources that the Company reasonably and in good faith believes to be reliable and accurate, and such data agree with the sources from which they are derived, and the Company has obtained the written consent for the use of such data from such sources to the extent required.

(rr) *Cybersecurity; Data Protection.* The Company and its Subsidiaries and the Consolidated Affiliated Entities' information technology assets and equipment, computers, systems, networks, hardware, software, websites, applications, and databases (collectively, "**IT Systems**") are adequate for, and operate and perform in all material respects as required in connection with the operation of the business of the Company and its Subsidiaries and the Consolidated Affiliated Entities as currently conducted, free and clear of all material bugs, errors, defects, Trojan horses, time bombs, malware and other material corruptions. The Company and its Subsidiaries and the Consolidated Affiliated Entities have implemented and maintained commercially reasonable controls, policies, procedures, and safeguards to maintain and protect their material confidential information and the integrity, continuous operation, redundancy and security of all IT Systems and data (including all personal, personally identifiable, sensitive, confidential or regulated data ("**Personal Data**")) used in connection with their businesses, and there have been no breaches, violations, outages or unauthorized uses of or accesses to same, except for those that have been remedied without material cost or liability or the duty to notify any other person, nor any incidents under internal review or investigations relating to the same. The Company and its Subsidiaries and the Consolidated Affiliated Entities are presently in material compliance with all applicable laws or statutes and all judgments, orders, rules and regulations of any court or arbitrator or governmental or regulatory authority, internal policies and contractual obligations relating to the privacy and security of IT Systems and Personal Data and to the protection of such IT Systems and Personal Data from unauthorized use, access, misappropriation or modification. The Company and its Subsidiaries and the Consolidated Affiliated Entities have taken all necessary actions to prepare to comply with the European Union General Data Protection Regulation (and all other applicable laws and regulations with respect to Personal Data that have been announced as of the date hereof as becoming effective within 12 months after the date hereof, and for which any non-compliance with same would be reasonably likely to create a material liability) as soon they take effect.

(ss) *Registration Statement Exhibits.* There are no statutes, regulations, legal or governmental proceedings or contracts or other documents of a character required to be described in the Registration Statement, the ADS Registration Statement or the Exchange Act Registration Statement or, in the case of documents, to be filed as exhibits to the Registration Statement, that are not described and filed as required.

(tt) *No Unapproved Marketing Documents.* The Company has not distributed and, prior to the later to occur of any delivery date and completion of the distribution of the Offered Securities, will not distribute any offering material in connection with the offering and sale of the Offered Securities other than the preliminary prospectus filed as part of the Registration Statement, the Prospectus and any issuer free writing prospectus to which the Representatives have consented, as set forth on Schedule II hereto.

(uu) *Payments of Dividends; Payments in Foreign Currency.* Except as described in the Time of Sale Prospectus and the Prospectus, (i) none of the Company nor any of its Subsidiaries and Consolidated Affiliated Entities is prohibited, directly or indirectly, from (A) paying any dividends or making any other distributions on its share capital, (B) making or repaying any loan or advance to the Company or any other Subsidiary or Consolidated Affiliated Entity or (C) transferring any of its properties or assets to the Company or any other Subsidiary or Consolidated Affiliated Entity; and (ii) all dividends and other distributions declared and payable upon the share capital of the Company or any of its Subsidiaries and Consolidated Affiliated Entities (A) may be converted into United States dollars, that may be freely transferred out of such Person's jurisdiction of incorporation, without the consent, approval, authorization or order of, or qualification with, any court or governmental agency or body in such Person's jurisdiction of incorporation or tax residence; and (B) are not and will not be subject to withholding, value added or other taxes under the currently effective laws and regulations of such Person's jurisdiction of incorporation, without the necessity of obtaining any consents, approvals, authorizations, orders, registrations, clearances or qualifications of or with any court or governmental agency or body having jurisdiction over such Person.

(vv) *Compliance with PRC Overseas Investment and Listing Regulations.* Except as described in the Time of Sale Prospectus and the Prospectus, each of the Company and its Subsidiaries and Consolidated Affiliated Entities has complied, and has taken all steps to ensure compliance by each of its shareholders, directors and officers that is, or is directly or indirectly owned or controlled by, a PRC resident or citizen with any applicable rules and regulations of the relevant PRC government agencies (including but not limited to the Ministry of Commerce, the National Development and Reform Commission, the China Securities Regulatory Commission ("**CSRC**") and the State Administration of Foreign Exchange (the "**SAFE**") relating to overseas investment by PRC residents and citizens (the "**PRC Overseas Investment and Listing Regulations**"), including, without limitation, requesting each such Person that is, or is directly or indirectly owned or controlled by, a PRC resident or citizen, to complete any registration and other procedures required under applicable PRC Overseas Investment and Listing Regulations (including any applicable rules and regulations of the SAFE).

(ww) *M&A Rules.* The Company is aware of and has been advised as to the content of the Rules on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors and any official clarifications, guidance, interpretations or implementation rules in connection with or related thereto (the "**PRC Mergers and Acquisitions Rules**") jointly promulgated by the Ministry of Commerce, the State Assets Supervision and Administration Commission, the State Tax Administration, the State Administration of Industry and Commerce, the CSRC and SAFE on August 8, 2006 and amended by the Ministry of Commerce on June 22, 2009, including the provisions thereof which purport to require offshore special purpose entities formed for listing purposes and controlled directly or indirectly by PRC companies or individuals to obtain the approval of the CSRC prior to the listing and trading of their securities on an overseas stock exchange. The Company has received legal advice specifically with respect to the PRC Mergers and Acquisitions Rules from its PRC counsel, and the Company understands such legal advice. In addition, the Company has communicated such legal advice in full to each of its directors that signed the Registration Statement and each such director has confirmed that he or she understands such legal advice. The issuance and sale of the Offered Securities, the listing and trading of the Offered ADSs on NASDAQ and the consummation of the transactions contemplated by this Agreement and the Deposit Agreement (i) are not and will not be, as of the date hereof or at the Closing Date or the applicable Option Closing Date, as the case may be, adversely affected by the PRC Mergers and Acquisitions Rules and (ii) do not require the prior approval of the CSRC.

(xx) *Foreign Private Issuer.* The Company is a "foreign private issuer" within the meaning of Rule 405 under the Securities Act.

(yy) *Absence of Manipulation.* None of the Company, the Subsidiaries and Consolidated Affiliated Entities or, to the knowledge of the Company, any of their respective directors, officers, affiliates or controlling persons has taken, directly or indirectly, any action which was designed to cause or result in, or that has constituted or which might reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Offered Securities.

(zz) *No Sale, Issuance and Distribution of Shares.* Except as described in the Time of Sale Prospectus and the Prospectus, 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.

(aaa) *No Immunity.* None of the Company, the Subsidiaries and Consolidated Affiliated Entities or any of their respective properties, assets or revenues has any right of immunity, under the laws of the Cayman Islands, Hong Kong, the PRC or the State of New York, from any legal action, suit or proceeding, the giving of any relief in any such legal action, suit or proceeding, set-off or counterclaim, the jurisdiction of any Cayman Islands, Hong Kong, PRC, New York or United States federal court, service of process, attachment upon or prior to judgment, or attachment in aid of execution of judgment, or execution of a judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of a judgment, in any such court, with respect to its obligations, liabilities or any other matter under or arising out of or in connection with this Agreement or the Deposit Agreement; and, to the extent that the Company, any of the Subsidiaries and Consolidated Affiliated Entities or any of their respective properties, assets or revenues may have or may hereafter become entitled to any such right of immunity in any such court in which proceedings may at any time be commenced, each of the Company and the Subsidiaries and Consolidated Affiliated Entities waives or will waive such right to the extent permitted by law and has consented to such relief and enforcement as provided in Section 12 of this Agreement and Section 7.6 of the Deposit Agreement.

(bbb) *Validity of Choice of Law.* The choice of the laws of the State of New York as the governing law of this Agreement and the Deposit Agreement is a valid choice of law under the laws of the Cayman Islands, Hong Kong and the PRC and will be honored by courts in the Cayman Islands, Hong Kong and the PRC. The Company has the power to submit, and pursuant to Section 12 of this Agreement and Section 7.6 of the Deposit Agreement, has legally, validly, effectively and irrevocably submitted, to the personal jurisdiction of each New York State and United States Federal court sitting in The City of New York (each, a "**New York Court**") and has validly and irrevocably waived any objection to the laying of venue of any suit, action or proceeding brought in any such court; and the Company has the power to designate, appoint and empower, and pursuant to Section 12 of this Agreement and Section 7.6 of the Deposit Agreement, has legally, validly, effectively and irrevocably designated, appointed and empowered, an authorized agent for service of process in any action arising out of or relating to this Agreement, the Deposit Agreement, any preliminary prospectus, the Time of Sale Prospectus, the Prospectus, the Registration Statement, the ADS Registration Statement or the offering of the Offered Securities in any New York Court, and service of process effected on such authorized agent will be effective to confer valid personal jurisdiction over the Company as provided in Section 12 hereof and Section 7.6 of the Deposit Agreement.

(ccc) *Enforceability of Judgment.* Any final judgment for a fixed or readily calculable sum of money rendered by a New York Court having jurisdiction under its own domestic laws in respect of any suit, action or proceeding against the Company based upon this Agreement or the Deposit Agreement and any instruments or agreements entered into for the consummation of the transactions contemplated herein and therein would be declared enforceable against the Company, without re-examination or review of the merits of the cause of action in respect of which the original judgment was given or re-litigation of the matters adjudicated upon, by the courts of the Cayman Islands and PRC, provided that (i) with respect to courts of the Cayman Islands, (A) such courts had proper jurisdiction over the parties subject to such judgment, (B) such courts did not contravene the rules of natural justice of the Cayman Islands, (C) such judgment was not obtained by fraud, (D) the enforcement of the judgment would not be contrary to the public policy of the Cayman Islands, (E) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of the Cayman Islands, and (F) there is due compliance with the correct procedures under the laws of the Cayman Islands, and (ii) with respect to courts of the PRC, any application or request for recognition and execution of such judgment is subject to compliance with relevant civil procedural requirements in the PRC. The Company is not aware of any reason why the enforcement in the Cayman Islands or the PRC of such a New York Court judgment would be, as of the date hereof, contrary to public policy of the Cayman Islands or PRC.

(ddd) *No Finder's Fee.* There are no contracts, agreements or understandings between the Company or its Subsidiaries and Consolidated Affiliated Entities and any person that would give rise to a valid claim against the Company or its Subsidiaries and Consolidated Affiliated Entities or any Underwriter for a brokerage commission, finder's fee or other like payment in connection with this offering, or any other arrangements, agreements, understandings, payments or issuance with respect to the Company and its Subsidiaries and Consolidated Affiliated Entities or any of their respective officers, directors, shareholders, partners, employees or affiliates that may affect the Underwriters' compensation as determined by the Financial Industry Regulatory Authority ("**FINRA**").

(eee) *No Broker-Dealer Affiliation.* There are no affiliations or associations between (i) any member of FINRA and (ii) the Company or any of its Subsidiaries and Consolidated Affiliated Entities or, to the knowledge of the Company, any of their respective officers, directors or 5% or greater security holders or any beneficial owner of the Company's unregistered equity securities that were acquired at any time on or after the 180th day immediately preceding the date that the Registration Statement was initially filed with the Commission.

(fff) *Representation of Officers.* Any certificate signed by any officer of the Company and delivered to the Representatives or counsel to the Underwriters in connection with the offering shall be deemed a representation and warranty by the Company, as to matters covered thereby, to each Underwriter.

(ggg) *Tax Filings.* (i) The Company and each of its Subsidiaries and the Consolidated Affiliated Entities have filed all national, local and foreign tax returns required to be filed through the date of this Agreement or have requested extensions thereof and have paid all taxes required to be paid thereon (except for cases where failure to file or pay would not have a Material Adverse Effect, or except for taxes currently being contested in good faith and for which adequate reserves have been made in the financial statements of the Company), and no tax deficiency has been determined adversely to the Company or any of its Subsidiaries and the Consolidated Affiliated Entities which remains unresolved and which could reasonably be expected to have (nor does the Company nor any of its Subsidiaries and the Consolidated Affiliated Entities have any notice or knowledge of any tax deficiency which could reasonably be expected to be determined adversely to the Company or its Subsidiaries and the Consolidated Affiliated Entities and which could reasonably be expected to have) a Material Adverse Effect. (ii) Except as could not reasonably be expected to have a Material Adverse Effect, all local and national PRC governmental tax holidays, exemptions, waivers, financial subsidies, and other local and national PRC tax relief, concessions and preferential treatment enjoyed by the Company or any of the Subsidiaries and Consolidated Affiliated Entities as described in the Registration Statement, the Time of Sale Prospectus and the Prospectus are valid, binding and enforceable and do not violate any laws, regulations, rules, orders, decrees, guidelines, judicial interpretations, notices or other legislation of the PRC.

(hhh) *EGC Status.* From the time of initial confidential submission of the Registration Statement to the Commission (or, if earlier, the first date on which the Company engaged directly or through any person authorized to act on its behalf in any Testing-the-Waters Communication) 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**"). "**Testing-the-Waters Communication**" means any oral or written communication with potential investors undertaken in reliance on Section 5(d) of the Securities Act.

(iii) *Testing-the-Waters Communication.* The Company (A) has not alone engaged in any Testing-the-Waters Communication other than Testing-the-Waters Communications with the consent of the Representatives with entities that are qualified institutional buyers within the meaning of Rule 144A under the Securities Act or institutions that are accredited investors within the meaning of Rule 501 under the Securities Act, and (B) 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 Written Testing-the-Waters Communications. "**Written Testing-the-Waters Communication**" means any Testing-the-Waters Communication that is a written communication within the meaning of Rule 405 under the Securities Act.

(jjj) As of the time of each sale of the Offered Securities 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 Written 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.

(kkk) *Liquidity and Capital Resources.* The Registration Statement, the Time of Sale Prospectus and the Prospectus fairly and accurately describe all material trends, demands, commitments, events, uncertainties and the potential effects thereof known to the Company, and that the Company believes would materially affect its liquidity and are reasonably likely to occur.

(lll) *Forward-Looking Statements.* No forward-looking statement (within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act) contained in the Registration Statement, the Time of Sale Prospectus and the Prospectus (including all amendments and supplements thereto) has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith.

(mmm) *Tests and Preclinical and Clinical Trials.* The studies, tests and preclinical and clinical trials conducted by or, to the knowledge of the Company, on behalf of or sponsored by the Company and its Subsidiaries and Consolidated Affiliated Entities were and, if still ongoing, are being conducted in all material respects in compliance with applicable laws and any applicable rules and regulations of the jurisdiction in which such trials and studies are being conducted; the Company is not aware of any studies, tests or trials, the results of which the Company believes reasonably call into question the study, test, or trial results described or referred to in the Registration Statement, the Time of Sale Prospectus and the Prospectus when viewed in the context in which such results are described and the clinical state of development; and, the Company has not received any written notices or written correspondence from any governmental entity requiring the termination, material modification or suspension of any studies, tests or preclinical or clinical trials conducted by or on behalf of the Company, other than ordinary course communications with respect to modifications in connection with the design and implementation of such trials.

(nnn) *Equity-based Awards.* The number of options and other equity-based awards, if any, granted by the Company that have vested or will vest before the expiration of the Restricted Period as defined in Section 6.1(u) hereof do not exceed 1% of the Company's total number of outstanding shares as of the date hereof.

(ooo) *Concurrent Private Placement.* The issuance and sale of Class A Ordinary Shares by the Company to Lake Bleu Prime Healthcare Master Fund Limited (the "**CPP Investor**") pursuant to a subscription agreement dated June 5, 2020 (the "**Concurrent Private Placement**") was conducted in accordance with Regulation S under the Securities Act and all requirements of Regulation S were duly complied with by the Company and the CPP Investor. The Concurrent Private Placement will not be integrated with the offering of the Offered Securities hereunder pursuant to applicable rules and regulations issued under 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 conditions hereinafter stated, agrees, severally and not jointly, to purchase from the Company at US$_____ per American Depositary Share (the "**Purchase Price**") the number of Firm ADSs (subject to such adjustments to eliminate fractional ADSs as you may determine) that bears the same proportion to the number of Firm ADSs to be sold by the Company 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.

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. You 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 shares 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 nor 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 you 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 you that the Underwriters propose to make a public offering of their respective portions of the Offered ADSs as soon after the Registration Statement and this Agreement have become effective as in your judgment is advisable. The Company is further advised by you that the Offered ADSs are to be offered to the public initially at US$_____ per ADS (the "**Public Offering Price**") and to certain dealers selected by the Representatives at a price that represents a concession not in excess of US$_____ per ADS under the Public Offering Price.

The Company is advised by CMB International Capital Limited that it is not a broker-dealer registered with the Commission and may not make sales in the United States or to U.S. persons (as such term is defined in Regulation S of the Securities Act), and that CMB International Capital Limited does not intend to and will not offer or sell any of the ADSs in the United States or to U.S. persons.

4. **PAYMENT AND DELIVERY.**

(a) Payment for the Firm ADSs to be sold by the Company 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 you. The time and date of such payment are hereinafter referred to as the "**Closing Date**."

(b) 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 you.

(c) The Offered ADSs to be delivered to each Underwriter shall be delivered in book entry form, and registered in such names and in such denominations as you shall request in writing not later than one full business day prior to the Closing Date or the applicable Option Closing Date, as the case may be. Such Offered ADSs shall be delivered by or on behalf of the Company to the Representatives through the facilities of the Depository Trust Company ("**DTC**"), for the account of such Underwriter, against payment by or on behalf of such Underwriter of the purchase price therefor by wire transfer of Federal or other immediately available funds to the account(s) specified by the Company to the Representatives on the Closing Date or Option Closing Date, as the case may be, or at such other time and date as shall be designated in writing by the Representatives. The Purchase Price payable by the Underwriters shall be reduced by (i) any transfer taxes paid by, or on behalf of, the Underwriters in connection with the transfer of the Offered Securities to the Underwriters and (ii) any withholding required by law. The Company will cause the certificates representing the Offered Shares to be made available for inspection at least 24 hours prior to the Closing Date or Option Closing Date, as the case may be.

5. **CONDITIONS TO THE UNDERWRITERS' OBLIGATIONS.** The obligations of the Company to sell the Offered Securities to the Underwriters and the several obligations of the Underwriters to purchase and pay for the Offered Securities on the Closing Date and each Option Closing Date are subject to the condition that the Registration Statement shall have become effective not later than _____ p.m. (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 or the applicable Option Closing Date, as the case may be,

i. there shall not have occurred any downgrading in the rating accorded any of the securities of the Company or any of its subsidiaries by any "nationally recognized statistical rating organization," as such term is defined in Section 3(a)(62) of the Exchange Act; 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 and Consolidated Affiliated Entities, taken as a whole, from that set forth in the Time of Sale Prospectus that, in your judgment, is material and adverse and that makes it, in your judgment, impracticable to market the Offered Securities on the terms and in the manner contemplated in the Time of Sale Prospectus.

(b) The representations and warranties of the Company contained herein shall be true and correct on the date hereof and on and as of the Closing Date or the applicable Option Closing Date, as the case may be; and the statements of the Company and its officers made in any certificates delivered pursuant to this Agreement shall be true and correct on and as of the Closing Date or the applicable Option Closing Date, as the case may be.

(c) The Underwriters shall have received on the Closing Date or the applicable Option Closing Date, as the case may be, a certificate, dated such date, signed by a duly authorized executive officer of the Company, (i) to the effect that the representations and warranties of the Company contained in this Agreement are true and correct as of the Closing Date or the applicable Option Closing Date, as the case may be, 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 such date (and the officer signing and delivering such certificate may rely upon the best of his or her knowledge as to proceedings threatened) and (ii) with respect to such other matters as the Representatives may reasonably require.

(d) The Underwriters shall have received prior to the execution of this Agreement and on the Closing Date or the applicable Option Closing Date, as the case may be, a certificate, dated such date and signed by the chief financial officer of the Company with respect to certain operating data and financial figures contained in the Registration Statement, the Time of Sale Prospectus and the Prospectus, in form and substance satisfactory to the Underwriters.

(e) The Underwriters shall have received on the Closing Date or the applicable Option Closing Date, as the case may be, an opinion and negative assurance letter of Cleary Gottlieb Steen & Hamilton LLP, U.S. counsel for the Company, dated the Closing Date or the applicable Option Closing Date, as the case may be, in form and substance reasonably satisfactory to the Underwriters.

(f) The Underwriters shall have received on the Closing Date or the applicable Option Closing Date, as the case may be, an opinion or opinions of Maples and Calder (Hong Kong) LLP, Cayman Islands counsel for the Company, dated the Closing Date or the applicable Option Closing Date, as the case may be, in form and substance reasonably satisfactory to the Underwriters.

(g) The Company shall have received on the Closing Date or the applicable Option Closing Date, as the case may be, an opinion of Shihui Partners, PRC counsel for the Company, dated the Closing Date or the applicable Option Closing Date, as the case may be, in form and substance reasonably satisfactory to the Underwriters (together with a consent letter, in form and substance reasonably satisfactory to the Underwriters, permitting the Company to provide a copy of such opinion to the Underwriters) and a copy of such opinion shall have been provided to the Underwriters.

(h) The Underwriters shall have received on the Closing Date or the applicable Option Closing Date, as the case may be, an opinion of Shearman & Sterling, Hong Kong counsel for the Company, dated the Closing Date or the applicable Option Closing Date, as the case may be, in form and substance reasonably satisfactory to the Underwriters.

At the request of the Company, the opinions of counsel for the Company described above (except for the opinion of the PRC counsel for the Company) shall be addressed to the Underwriters and shall so state therein.

(i) The Underwriters shall have received on the Closing Date or the applicable Option Closing Date, as the case may be, an opinion and negative assurance letter of Simpson Thacher & Bartlett LLP, U.S. counsel for the Underwriters, dated the Closing Date or the applicable Option Closing Date, as the case may be, in form and substance satisfactory to the Underwriters.

(j) The Underwriters shall have received on the Closing Date or the applicable Option Closing Date, as the case may be, an opinion of Jingtian & Gongcheng, PRC counsel for the Underwriters, dated the Closing Date or the applicable Option Closing Date, as the case may be, in form and substance satisfactory to the Underwriters.

(k) The Underwriters shall have received on the Closing Date or the applicable Option Closing Date, as the case may be, an opinion of Patterson Belknap Webb & Tyler LLP, counsel for the Depositary, dated the Closing Date or the applicable Option Closing Date, as the case may be, in form and substance reasonably satisfactory to the Underwriters.

(l) The Underwriters shall have received, on each of the date hereof and the Closing Date or the applicable Option Closing Date, as the case may be, a letter dated such date, in form and substance satisfactory to the Underwriters, from Ernst & Young Hua Ming LLP, an independent public accounting firm, containing statements and information of the type ordinarily included in accountants' "comfort letters" to the 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 three business days prior to the Closing Date.

(m) The "lock-up" letters, each substantially in the form of Exhibit A hereto, executed by the individuals and entities listed on Schedule IV relating to 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 Letter**"), shall be in full force and effect on the Closing Date.

(n) There shall not have been any adverse legislative or regulatory developments in the PRC following the signing of this Agreement, which in the Representatives' sole judgment in good faith, would make it inadvisable or impractical to proceed with the public offering or the delivery of the Offered Securities at the Closing Date or the applicable Optional Closing Date, as the case may be, on the terms and in the manner contemplated in this Agreement.

(o) The Company and the Depositary shall have executed and delivered the Deposit Agreement and, in the case of the Company, a side letter (the "**Depositary Side Letter**") addressed to the Depositary, 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 ADSs to any shareholder or any third party unless consented to by the Company, and the Deposit Agreement shall be in full force and effect on the Closing Date and the applicable Option Closing Date. The Company and the Depositary shall have taken all actions necessary to permit the deposit of the Offered Shares and the issuance of the Offered ADSs in accordance with the Deposit Agreement.

(p) The Depositary shall have furnished or caused to be furnished to the Underwriters a certificate satisfactory to the Representatives of one of its authorized officers with respect to the deposit with it of the Offered Shares against issuance of the Offered 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.

(q) The Offered ADSs shall have been approved for listing on NASDAQ, subject to only official notice of issuance.

(r) If the Company elects to rely upon Rule 462(b) under the Securities Act, the Company shall have filed a Rule 462 Registration Statement with the Commission in compliance with Rule 462(b) promptly after 4:00 p.m., New York City time, on the date of this Agreement, and the Company shall have at the time of filing either paid to the Commission the filing fee for the Rule 462 Registration Statement or given irrevocable instructions for the payment of such fee pursuant to Rule 111(b) under the Securities Act.

(s) The Company shall have filed the Prospectus with the Commission (including the information required by Rule 430A under the Securities Act) in the manner and within the time period required by Rule 424(b) under the Securities Act; or the Company shall have filed a post-effective amendment to the Registration Statement containing the information required by such Rule 430A, and such post-effective amendment shall have become effective.

(t) No stop order suspending the effectiveness of the Registration Statement, the ADS Registration Statement, any Rule 462 Registration Statement, or any post-effective amendment to the Registration Statement, shall be in effect and no proceedings for such purpose shall have been instituted or threatened by the Commission.

(u) FINRA shall not have raised any objection with respect to the fairness or reasonableness of the underwriting, or other arrangements of the transactions contemplated hereby.

(v) On the Closing Date or the applicable Option Closing Date, as the case may be, the Representatives and counsel for the Underwriters shall have received such information, documents, certificates and opinions as they may reasonably require for the purposes of enabling them to pass upon the accuracy and completeness of any statement in the Registration Statement, the Time of Sale Prospectus and the Prospectus, issuance and sale of the Offered Securities as contemplated herein, or in order to evidence the accuracy of any of the representations and warranties, or the satisfaction of any of the conditions or agreements, herein contained.

The several obligations of the Underwriters to purchase Additional ADSs hereunder are subject to the delivery to the Representatives on the applicable Option Closing Date of such documents as the Representatives may reasonably request with respect to the good standing of the Company, 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.

Notwithstanding the immediately preceding paragraph, the Representatives may, in their sole discretion, waive on behalf of the Underwriters compliance with any conditions to the obligations of the Underwriters hereunder, whether in respect of a Closing Date or an Option Closing Date.

6. COVENANTS OF THE COMPANY.

6.1 The Company, in addition to its other agreements and obligations hereunder, covenants with each Underwriter as follows:

(a) To file the Prospectus with the Commission within the time periods specified by Rule 424(b) and Rule 430A under the Securities Act.

(b) To furnish to you, without charge, signed copies of the Registration Statement and the ADS Registration Statement (including, in each case, exhibits thereto) and for delivery to each other Underwriter a conformed copy of the Registration Statement and the ADS Registration Statement (in each case, without exhibits thereto) and to furnish to you 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 Sections 6.1(f) or 6.1(g) below, as many copies of the Time of Sale Prospectus, the Prospectus and any supplements and amendments thereto or to the Registration Statement as you may reasonably request.

(c) Before amending or supplementing the Registration Statement, the ADS Registration Statement, the Time of Sale Prospectus or the Prospectus, to furnish to you a copy of each such proposed amendment or supplement and not to file any such proposed amendment or supplement to which you 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.

(d) To furnish to you 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 you reasonably object.

(e) 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.

(f) If the Time of Sale Prospectus is being used to solicit offers to buy the Offered Securities 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 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.

(g) If, during such period after the first date of the public offering of the Offered Securities as in the 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 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 you will furnish to the Company) to which the Offered Securities may have been sold by you 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.

(h) To endeavor to qualify the Offered Securities for offer and sale under the securities or Blue Sky laws of such jurisdictions as you shall reasonably request.

(i) To advise you promptly and confirming such advice in writing, of any request by the Commission for amendments or supplements to the Registration Statement, the ADS Registration Statement, the Exchange Act Registration Statement, any Time of Sale Prospectus, Prospectus or free writing prospectus or for additional information with respect thereto, or of notice of institution of proceedings for, or the entry of a stop order, suspending the effectiveness of the Registration Statement or the ADS Registration Statement and, if the Commission should enter a stop order suspending the effectiveness of the Registration Statement or the ADS Registration Statement, to use its best efforts to obtain the lifting or removal of such order as soon as possible.

(j) To make generally available to the Company's security holders and to you 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 (including Rule 158 under the Securities Act).

(k) During the period when the Prospectus is required to be delivered under the Securities Act, to file all documents required to be filed with the Commission pursuant to the Exchange Act within the time periods required by the Exchange Act and the rules and regulations of the Commission thereunder; during the five-year period after the date of this Agreement, to furnish to you and, upon request, to each of the other Underwriters, as soon as practicable after the end of each fiscal year, a copy of its annual report to shareholders for such year; and to furnish to you (i) as soon as available, a copy of each report of the Company filed with or furnished to the Commission under the Exchange Act or mailed to shareholders, and (ii) from time to time, such other information concerning the Company as you may reasonably request; provided, however, that (i) in each case the Company will have no obligation to deliver such reports to the extent they are publicly available on the Company's website or the Commission's EDGAR reporting system, and (ii) if the Company ceases to be subject to reporting obligations under the Exchange Act, it will have no obligation hereunder to deliver any reports.

(l) To apply the net proceeds to the Company from the sale of the Offered Securities in the manner set forth under the heading "Use of Proceeds" in the Time of Sale Prospectus and to file such reports with the Commission with respect to the sale of the Offered Securities and the application of the proceeds therefrom as may be required by Rule 463 under the Securities Act; not to invest, or otherwise use the proceeds received by the Company from its sale of the Offered Securities in such a manner (i) as would require the Company or any of the Subsidiaries and Consolidated Affiliated Entities to register as an investment company under the 1940 Act, and (ii) that would result in the Company being not in compliance with any applicable laws, rules and regulations of the State Administration of Foreign Exchange of the PRC.

(m) Not to, and to cause each of its Subsidiaries and Consolidated Affiliated Entities not to, take, directly or indirectly, any action designed to or that would constitute or that might reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Offered Securities.

(n) To comply with the terms of the Deposit Agreement so that the Offered 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.

(o) (i) Not to attempt to avoid any judgment in connection with this Agreement obtained by it, applied to it, or denied to it in a court of competent jurisdiction outside the Cayman Islands; (ii) following the consummation of the offering, to use its reasonable efforts to obtain and maintain all approvals required in the Cayman Islands to pay and remit outside the Cayman Islands all dividends declared by the Company and payable on the Ordinary Shares, if any; and (iii) to use its reasonable efforts to obtain and maintain all approvals, if any, required in the Cayman Islands for the Company to acquire sufficient foreign exchange for the payment of dividends and all other relevant purposes.

(p) To comply with the PRC Overseas Investment and Listing Regulations, and to use its reasonable efforts to cause holders of its Ordinary Shares that are, or that are directly or indirectly owned or controlled by, Chinese residents or Chinese citizens, to comply with the PRC Overseas Investment and Listing Regulations applicable to them, including, without limitation, requesting each such shareholder to complete any registration and other procedures required under applicable PRC Overseas Investment and Listing Regulations (including any applicable rules and regulations of SAFE).

(q) To use reasonable commercial efforts to rectify or cure any non-compliance, and maintain continuing compliance with PRC laws and regulations in all material respects.

(r) To promptly notify you if the Company ceases to be an Emerging Growth Company at any time prior to the later of (a) completion of the distribution of the Offered Securities within the meaning of the Securities Act and (b) completion of the Restricted Period (as defined in this Section 6).

(s) If at any time following the distribution of any Written Testing-the-Waters Communication there occurred or occurs an event or development as a result of which such Written Testing-the-Waters Communication, when considered together with the Time of Sale Prospectus, 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 you and will promptly amend or supplement, at its own expense, such Written Testing-the-Waters Communication to eliminate or correct such untrue statement or omission.

(t) The Company will indemnify and hold harmless the Underwriters against any transaction, stamp, capital or other issuance, registration, documentary, transfer or other similar taxes or duties (other than taxes imposed on the net income of an Underwriter), including any interest and penalties, on the creation, allotment, issue and sale of the Offered Securities to the Underwriters and on the execution and delivery of, and the performance of the obligations (including the initial resale and delivery of the Offered Securities by the Underwriters) under, this Agreement or the Deposit Agreement and on bringing any such document within any jurisdiction. All payments to be made by the Company to the Underwriters hereunder shall be made free and clear of and without withholding or deduction for or on account of any present or future taxes, duties or governmental charges whatsoever unless the Company is compelled by law to deduct or withhold such taxes, duties or charges. In that event, the Company shall pay such additional amounts as may be necessary in order that the net amounts received after such withholding or deduction shall equal the amounts that would have been received if no withholding or deduction had been made, except to the extent of taxes that would not have been imposed but for (i) the recipient's being a resident of the jurisdiction imposing such taxes, having a permanent establishment therein, or having a similar connection with such jurisdiction (in each case, other than as a result of the transactions contemplated by this Agreement) or (ii) the recipient's failure to comply with a request from the Company to provide any documentation or certification that the recipient is legally able to provide (and can do so without undue hardship) concerning the recipient's nationality, residence, identity or connection with the applicable taxing jurisdiction, and that is required as a precondition to exemption from, or reduction in the rate of, the withholding or deduction of such taxes. In addition, all sums payable to an Underwriter hereunder 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.

(u) The Company, without the prior written consent of the Representatives on behalf of the Underwriters, will not, during the period ending 180 days after the date of the Prospectus (the "**Restricted Period**"), (i) 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 or American Depositary Shares beneficially owned (as such term is used in Rule 13d-3 of the Exchange Act) or any other securities so owned convertible into or exercisable or exchangeable for Ordinary Shares or American Depositary Shares or (ii) 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 American Depositary Shares, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Ordinary Shares, American Depositary Shares or such other securities, in cash or otherwise, (iii) file or submit any registration statement with the Commission relating to the offering of any Ordinary Shares, American Depositary Shares or any securities convertible into or exercisable or exchangeable for Ordinary Shares or American Depositary Shares, or (iv) publicly disclose the intention to do any of the foregoing.

The restrictions contained in the preceding paragraph shall not apply to (i) the Offered Securities to be sold hereunder, (ii) the issuance by the Company of Ordinary Shares upon the exercise of an option or warrant or the conversion of a security outstanding on the date hereof of which the Underwriters have been advised in writing, or (iii) the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of Ordinary Shares or American Depositary Shares, provided that (A) such plan does not provide for the transfer of Ordinary Shares or American Depositary Shares during the Restricted Period and (B) 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 American Depositary Shares may be made under such plan during the Restricted Period.

In addition, the Company will not, without the prior written consent of the Representatives on behalf of the Underwriters, accelerate the vesting schedule of any options or other equity-based awards during the Restricted Period.

(v) The Company agrees (1) to cause each option holder who has not entered into a Lock-up Letter contemplated hereunder to be subject to and comply with all of the restrictions set forth in such Lock-up Letter, (2) to instruct its share registrar not to give effect to any share transfers directly or indirectly by any shareholder during the Restricted Period, and (3) to enter into the Depositary Side Letter with the Depositary, and not to release the Depositary from any of its obligations set forth in, or otherwise amend, terminate or fail to enforce, the Depositary Side Letter or consent to any deposit during the Restricted Period unless with the prior written consent of the Representatives on behalf of the Underwriters.

(w) If the Representatives, in their sole discretion, agree to release or waive the restrictions set forth in a Lock-up Letter for an officer or director of the Company and provides 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. EXPENSES.

Whether or not the transactions contemplated in this Agreement are consummated or this Agreement is terminated, the Company agree 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, the Company's accountants in connection with the registration and delivery of the Offered Securities 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, the Exchange Act 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 Offered Securities to the Underwriters, including any transfer or other similar taxes payable thereon, (iii) the cost of printing or producing any Blue Sky or Legal Investment memorandum in connection with the offer and sale of the Offered Securities under state securities laws and all expenses in connection with the qualification of the Offered Securities for offer and sale under state securities laws as provided in Section 6.1(h) hereof, (iv) all filing fees incurred in connection with the review and qualification of the offering of the Offered Securities by FINRA, (v) all fees and expenses in connection with the preparation and filing of the Exchange Act Registration Statement relating to the Offered Securities and all costs and expenses incident to listing the ADSs on NASDAQ, (vi) the cost of printing certificates representing the Offered Securities, (vii) the costs and charges of any transfer agent, registrar or depositary, (viii) the costs and expenses of the Company relating to any Testing-the-Waters Communication or investor presentations on any "road show" undertaken in connection with the marketing of the offering of the Offered Securities, 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, expenses associated with hosting investor meetings or luncheons, fees and expenses of any consultants engaged in connection with the Testing-the-Waters Communication or road show presentations with the prior approval of the Company, travel, meals and lodging expenses of the representatives and officers of the Company and any such consultants, provided, however, for purposes of this clause (viii), consultants and representatives shall not include the Underwriters or any of their employees, (ix) the document production charges and expenses associated with printing this Agreement, and (xi) 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, that the Underwriters shall be responsible for all of their costs and expenses, including out-of-pocket expenses, stock transfer taxes payable on resale of any of the Offered Securities by them and any other costs and expenses incurred in connection with the transactions contemplated in this Agreement, including those relating to any investor presentations, Testing The Waters Communications or "road show" undertaken in connection with the marketing of the offering of the Offered Securities.

8. **COVENANTS OF THE UNDERWRITERS.** Each Underwriter severally 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) 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 such Underwriter.

9. INDEMNITY AND CONTRIBUTION.

(a) The Company agrees to indemnify and hold harmless each Underwriter, each director, officer, employee, 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) caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any amendment thereof, the ADS 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**"), or the Prospectus or any amendment or supplement thereto, or any Written Testing-the-Waters Communication or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and shall reimburse each Underwriter and each such director, officer, employee, controlling person or affiliate promptly upon demand for any legal or other expenses reasonably incurred by that Underwriter, director, officer, employee, controlling person or affiliate in connection with investigating or defending or preparing to defend against any such loss, claim, damage, liability or action as such expenses are incurred; except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon 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 any Underwriter consists of the Underwriter Information (as defined below).

(b) Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, the directors of the Company, the officers of the Company 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 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) caused by 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 or the Prospectus or any amendment or supplement thereto, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, but only with reference to information relating to such Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for use in the Registration Statement, any preliminary prospectus, the Time of Sale Prospectus or the Prospectus or any amendment or supplement thereto, it being understood and agreed that the only such information furnished by any Underwriter consists of the addresses of the Representatives appearing in the [ninth] paragraph under the caption "Underwriting" (the "**Underwriter Information**").

(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 9(a) or 9(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 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 (i) the fees and expenses of more than one separate firm (in addition to any local counsel) for all Underwriters and all persons, if any, who control any Underwriter within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act or who are affiliates of any Underwriter within the meaning of Rule 405 under the Securities Act, (ii) the fees and expenses of more than one separate firm (in addition to any local counsel) for 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 such Section, and that all such fees and expenses shall be reimbursed as they are incurred. In the case of any such separate firm for the Underwriters and such directors, officers, employees, control persons and affiliates of any Underwriters, such firm shall be designated in writing by the Representatives. In the case of any such separate firm for the Company, and such directors, officers and control persons of the Company, such firm shall be designated in writing by the Company. 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 30 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 (x) includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding, and (y) does not include any statement as to, or any admission of, fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) To the extent the indemnification provided for in Section 9(a) or 9(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 Offered Securities or (ii) if the allocation provided by clause 9(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 9(d)(i) above but also the relative fault of the indemnifying party or parties on the one hand and of the indemnified party or parties 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 Company on the one hand and the Underwriters on the other hand in connection with the offering of the Offered Securities shall be deemed to be in the same respective proportions as the net proceeds from the offering of the Offered Securities (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 Offered Securities. The relative fault of the Company on the one hand and the Underwriters 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 9 are several in proportion to the respective number of Offered 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 9 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 9(c). The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in Section 9(c) 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 9, in no event shall an Underwriter be required to contribute any amount in excess of the amount by which the total underwriting discounts and commissions received by such Underwriter with respect to the offering of the Offered Securities 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 9 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 9 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, its directors, officers or employees, any person controlling any Underwriter or any affiliate of any Underwriter, or the Company, its officers or directors or any person controlling the Company and (iii) acceptance of and payment for any of the Offered Securities.

10. **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 the Closing Date (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 NYSE MKT, NASDAQ, the Hong Kong Stock Exchange 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, the PRC or the Cayman Islands shall have occurred, (iv) any moratorium on commercial banking activities shall have been declared by United States Federal, New York State, PRC or Cayman Islands authorities or with respect to Clearstream or Euroclear systems in Europe, or (v) there shall have occurred any outbreak or escalation of hostilities, or any change in financial markets, currency exchange rates or controls or any calamity or crisis that, in the judgment of the Representatives, is material and adverse and which, singly or together with any other event specified in this clause (v), makes it, in the judgment of the Representatives, impracticable or inadvisable to proceed with the offer, sale or delivery of the Offered Securities on the terms and in the manner contemplated in the Time of Sale Prospectus or the Prospectus or to enforce contracts for the sale of the ADSs.

11. **EFFECTIVENESS; DEFAULTING UNDERWRITERS.** This Agreement shall become effective upon the execution and delivery hereof by the parties hereto.

If, on the Closing Date or the applicable Option Closing Date, as the case may be, any one or more of the Underwriters shall fail or refuse to purchase the Offered ADSs that it has or they have agreed to purchase hereunder on such date, and the aggregate number of Offered 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 Offered 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 Offered 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 Offered ADSs that any Underwriter has agreed to purchase pursuant to this Agreement be increased pursuant to this Section 12 by an amount in excess of one-ninth of such number of Offered 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, 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, 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, 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.

12. **SUBMISSION TO JURISDICTION; APPOINTMENT OF AGENT FOR SERVICE.** The Company hereby irrevocably submits to the exclusive jurisdiction of the New York Courts in any suit or proceeding arising out of or relating to this Agreement, the Deposit Agreement, the Time of Sale Prospectus, the Prospectus, the Registration Statement, the ADS Registration Statement, the offering of the Offered Securities, or any transactions contemplated hereby. The Company and each of the Company's Subsidiaries and Consolidated Affiliated Entities irrevocably and unconditionally waive any objection to the laying of venue of any suit or proceeding arising out of or relating to this Agreement, the Deposit Agreement, the Time of Sale Prospectus, the Prospectus, the Registration Statement, the ADS Registration Statement, the offering of the Offered Securities, or any transactions contemplated hereby in the New York Courts, and irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such suit or proceeding in any such court has been brought in an inconvenient forum. The Company irrevocably appoints Cogency Global Inc. as its respective authorized agent in the Borough of Manhattan in The City of New York upon which process may be served in any such suit or proceeding, and agree that service of process in any manner permitted by applicable law upon such agent shall be deemed in every respect effective service of process in any manner permitted by applicable law upon the Company, as the case may be, in any such suit or proceeding. The Company further agrees to take any and all action as may be necessary to maintain such designation and appointment of such agent in full force and effect for a period of seven years from the date of this Agreement.

13. **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 pursuant to this Agreement 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.

14. **ENTIRE AGREEMENT.** 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 sale and purchase of the Offered Securities and the offering of the Offered Securities, 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 Offered Securities and the offering of the Offered Securities.

15. **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.

16. **APPLICABLE LAW.** This Agreement and any claim, controversy or dispute arising under or related to this Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

17. **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.

18. **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 the Representatives at:

Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036
United States of America

BofA Securities, Inc.
One Bryant Park
New York, NY 10036
United States of America

Cowen and Company, LLC
599 Lexington Avenue
New York, NY 10022
United States of America

if to the Company shall be delivered, mailed or sent to Burning Rock Biotech Limited, 601, 6/F, Building 3, Standard Industrial Unit 2, No. 7, Luoxuan 4th Road, International Bio Island, Guangzhou, 510005, PRC, Attention: Chief Executive Officer.

19. **PARTIES AT INTEREST.** The Agreement set forth has been and is made solely for the benefit of the Underwriters, the Company and to the extent provided in Section 9 hereof the controlling persons, affiliates, directors, officers and employees referred to in such sections and their respective successors, assigns, heirs, personal representatives and executors and administrators. No other person, partnership, association or corporation (including a purchaser, as such purchaser, from any of the Underwriters) shall acquire or have any rights under or by virtue of this Agreement.

20. **ABSENCE OF FIDUCIARY RELATIONSHIP.** The Company acknowledges and agrees to each of the following:

(a) *No Other Relationship*. Each of the Representatives has been retained solely to act as an underwriter in connection with the sale of the Offered Securities and that no fiduciary, advisory or agency relationship between the Company and any of the Representatives has been created in respect of any of the transactions contemplated by this Agreement or the Prospectus, irrespective of whether any of the Representatives have advised or are advising the Company on other matters.

(b) *Arms' Length Negotiations*. The price of the Offered Securities set forth in this Agreement was established by the Company following discussions and arms-length negotiations with the Representatives and the Company is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated by this Agreement.

(c) *Absence of Obligation to Disclose*. The Company has been advised that the each of the Representatives and their respective affiliates are engaged in a broad range of transactions which may involve interests that differ from those of the Company and that each of the Representatives has no obligation to disclose such interests and transactions to the Company by virtue of any fiduciary, advisory or agency relationship.

(d) *Waiver*. The Company waives, to the fullest extent permitted by law, any claims it may have against the each of the Representatives arising from breach of fiduciary duty or alleged breach of fiduciary duty and agrees that none of the Representatives shall have any liability (whether direct or indirect) to the Company in respect of such a fiduciary duty claim or to any person asserting a fiduciary duty claim on behalf of or in right of the Company, including shareholders, employees or creditors of the Company.

21. **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 States.

(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.

"**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.

22. **WAIVER OF IMMUNITY.** To the extent that the Company has or hereafter may acquire any immunity (sovereign or otherwise) from jurisdiction of any court of (i) the Cayman Islands, or any political subdivision thereof, (ii) the United States or the State of New York, (iii) the PRC, (iv) any jurisdiction in which it owns or leases property or assets or from any legal process (whether through service of notice, attachment prior to judgment, attachment in aid of execution, execution, set-off or otherwise) with respect to themselves or their respective property and assets or this Agreement, the Company hereby irrevocably waives such immunity in respect of its obligations under this Agreement to the fullest extent permitted by applicable law.

23. **WAIVER OF JURY TRIAL.** Each of the parties hereto hereby waives any right to trial by jury in any suit or proceeding arising out of or relating to this Agreement.

24. **SUCCESSORS AND ASSIGNS.** This Agreement shall be binding upon the Underwriters, the Company and their successors and assigns and any successor or assign of any substantial portion of the Company's, and any of the Underwriters' respective businesses and/or assets. This Agreement and the terms and provisions hereof are for the sole benefit of only those persons, except that (a) the representations, warranties, indemnities and agreements of the Company contained in this Agreement shall also be deemed to be for the benefit of the directors, officers, employees and affiliates of the Underwriters and each person or persons, if any, who control any Underwriter within the meaning of Section 15 of the Securities Act and (b) the indemnity agreement of the Underwriters contained in Section 9(b) of this Agreement shall be deemed to be for the benefit of the Company's directors, its officers who have signed the Registration Statement and any person controlling the Company within the meaning of Section 15 of the Securities Act. Nothing in this Agreement is intended or shall be construed to give any person, other than the persons referred to in this Section 24, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein.

25. **PARTIAL UNENFORCEABILITY.** The invalidity or unenforceability of any section, subsection, paragraph or provision of this Agreement shall not affect the validity or enforceability of any other section, subsection, paragraph or provision hereof. If any section, subsection, paragraph or provision of this Agreement is for any reason determined to be invalid or unenforceable, there shall be deemed to be made such minor changes (and only such minor changes) as are necessary to make it valid and enforceable.

26. **AMENDMENTS.** This Agreement may only be amended or modified in writing, signed by all of the parties hereto, and no condition herein (express or implied) may be waived unless waived in writing by each party whom the condition is meant to benefit.

[Signature page follows]

Very truly yours,

Burning Rock Biotech Limited

By: _____

Name:
Title:

[Signature page to Underwriting Agreement]

Accepted as of the date hereof

Acting severally on behalf of themselves and the
several Underwriters named in Schedule I hereto

By: Morgan Stanley & Co. LLC

By: _____
Name:
Title:

By: BofA Securities, Inc.

By: _____
Name:
Title:

By: Cowen and Company, LLC

By: _____
Name:
Title:

SCHEDULE I

Underwriter	Number of Firm ADSs to be Purchased	Maximum Number of Additional ADSs to be Purchased
Morgan Stanley & Co. LLC		
BofA Securities, Inc.		
Cowen and Company, LLC		
CMB International Capital Limited		
Tiger Brokers (NZ) Limited		
Total:		

Time of Sale Prospectus

SUBSIDIARIES OF THE COMPANY

Schedule III-A-1

CONSOLIDATED AFFILIATED ENTITIES OF THE COMPANY

Schedule III-B-1

SCHEDULE IV

LIST OF LOCKED-UP PARTIES

Schedule IV-1

EXHIBIT A

FORM OF LOCK-UP LETTER

_____, 2020

Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036
United States of America

BofA Securities, Inc.
One Bryant Park
New York, NY 10036
United States of America

Cowen and Company, LLC
599 Lexington Avenue
New York, NY 10022
United States of America

As representatives (the "**Representatives**") of the several Underwriters (as defined below)

Ladies and Gentlemen:

The undersigned understands that you propose to enter into an Underwriting Agreement (the "**Underwriting Agreement**") with Burning Rock Biotech Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands (the "**Company**"), providing for the public offering (the "**Public Offering**") by the several Underwriters, including you (the "**Underwriters**"), of an aggregate of _____ Class A ordinary shares, par value US$0.0002 per share, of the Company (the "**Class A Ordinary Shares**") in the form of _____ American Depositary Shares (the "**ADSs**").

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, during the period commencing on the date hereof and ending 180 days after the date of the final prospectus (the "**Restricted Period**)" relating to the Public Offering (the "**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 Class A Ordinary Shares or Class B ordinary shares par value US$0.0002 per share, of the Company (together with the Class A Ordinary Shares, the "**Ordinary Shares**"), 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 the Ordinary Shares or publicly disclose the intention to do any of the foregoing 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, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Ordinary Shares or such other securities, in cash or otherwise. The foregoing sentence shall not apply to (a) transactions relating to Ordinary Shares or other securities acquired in the Public Offering or in open market transactions after the completion of the Public Offering, *provided* that no filing under Section 16(a) of the Exchange Act shall be required or shall be voluntarily made in connection with subsequent sales of Ordinary Shares or other securities acquired in the Public Offering or such open market transactions, (b) transfers of Ordinary Shares or any security convertible into Ordinary Shares as a bona fide gift, or by operation of law, such as pursuant to a qualified domestic relations order or in connection with a divorce settlement, or through will or intestacy, (c) transfers of Ordinary Shares, ADSs or any security convertible into Ordinary Shares or ADSs to immediate family members of the undersigned, to any trust for the direct or indirect benefit of the undersigned or any immediate family member of the undersigned, or to any entity beneficially owned and controlled by the undersigned, *provided* that any such transfer shall not involve a disposition for value, (d) distributions of Ordinary Shares or any security convertible into Ordinary Shares to limited partners or stockholders of the undersigned; *provided* that in the case of any transfer or distribution pursuant to clause (b), (c) or (d), (i) each donee, transferee or distributee shall sign and deliver a lock-up letter substantially in the form of this letter and (ii) no filing under Section 16(a) of the Exchange Act, reporting a reduction in beneficial ownership of Ordinary Shares, shall be required or shall be voluntarily made during the Restricted Period, or (e) the establishment of a trading plan 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 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 Ordinary Shares or ADSs may be made under such plan during the Restricted Period. 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 Ordinary Shares or any security convertible into or exercisable or exchangeable for Ordinary Shares. 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 Ordinary Shares except in compliance with the foregoing restrictions. For purposes of this lock-up letter, "immediate family" shall mean any relationship by blood, marriage or adoption, not more remote than first cousin.

If the undersigned is an officer or director of the Company, the undersigned further agrees that the foregoing provisions shall be equally applicable to any issuer-directed ADSs and the underlying Ordinary Shares 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 Ordinary Shares, 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 letter to the extent and for the duration that such terms remain in effect at the time of the transfer.

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 and other parties thereto.

This agreement shall terminate and the undersigned shall be released from its obligations hereunder on the earlier of (i) the date that the Company advises the Underwriters in writing, prior to the execution of the Underwriting Agreement, that it has determined not to proceed with the Public Offering, (ii) December 31, 2020, if the Public Offering has not been completed by that date, or (iii) subsequent to signing the Underwriting Agreement, the Underwriting Agreement is terminated prior to payment for and delivery of the ADSs to be sold thereunder.

This letter agreement and any claim, controversy or dispute arising under or related to this letter agreement shall be governed by and construed in accordance with the laws of the State of New York.

Very truly yours,

_____

(Name)

_____

(Address)

EXHIBIT B

FORM OF WAIVER OF LOCK-UP

FORM OF PRESS RELEASE

THE COMPANIES LAW (2020 REVISION)

OF THE CAYMAN ISLANDS

COMPANY LIMITED BY SHARES

TENTH AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION

OF

BURNING ROCK BIOTECH LIMITED

(Adopted by Special Resolution passed on June 3, 2020 and effective immediately prior to the completion of the initial public offering of the Company's American Depositary Shares representing its Class A Ordinary Shares)

1. The name of the Company is Burning Rock Biotech Limited.

2. The Registered Office of the Company will be situated at the offices of Maples Corporate Services Limited ("**MCS**") at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands or at such other location within the Cayman Islands 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$50,000 divided into 250,000,000 shares comprising of (i) 230,000,000 Class A Ordinary Shares of a par value of US$ 0.0002 each and (ii) 20,000,000 Class B Ordinary Shares of a par value of US$0.0002 each. Subject to the Companies Law and the Articles, the Company shall have power to redeem or purchase any of its Shares and to increase or reduce its authorised share capital and to sub-divide or consolidate the said Shares or any of them and to issue all or any part of its capital whether original, redeemed, increased or reduced with or without any preference, priority, special privilege or other rights or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be ordinary, preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided.

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. Capitalised terms that are not defined in this Memorandum of Association bear the same meanings as those given in the Articles of Association of the Company.

THE COMPANIES LAW (2020 REVISION)

OF THE CAYMAN ISLANDS

COMPANY LIMITED BY SHARES

TENTH AMENDED AND RESTATED

ARTICLES OF ASSOCIATION

OF

BURNING ROCK BIOTECH LIMITED

(Adopted by Special Resolution passed on June 3, 2020 and effective immediately prior to the completion of the initial public offering of the Company's American Depositary Shares representing its Class A 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 such number of Class A Ordinary Shares as set out in the registration statements of the Company;
"Affiliate"	means in respect of a Person, any other Person that, directly or indirectly, through one (1) or more intermediaries, controls, is controlled by, or is under common control with, such Person, and (i) in the case of a natural person, shall include, without limitation, such person's spouse, parents, children, siblings, mother-in-law, father-in-law, brothers-in-law and sisters-in-law, a trust for the benefit of any of the foregoing, and a corporation, partnership or any other entity wholly or jointly owned by any of the foregoing, and (ii) in the case of an entity, shall include a partnership, a corporation or any other entity or any natural person which directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such entity. The term "control" shall mean the ownership, directly or indirectly, of shares possessing more than fifty per cent (50%) of the voting power of the corporation, partnership or other entity (other than, in the case of a corporation, securities having such power only by reason of the happening of a contingency), or having the power to control the management or elect a majority of members to the board of directors or equivalent decision-making body of such corporation, partnership or other entity;
"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;
"Class" or "Classes"	means any class or classes of Shares as may from time to time be issued by the Company;
"Class A Ordinary Share"	means an Ordinary Share of a par value of US$0.0002 in the capital of the Company, designated as a Class A Ordinary Shares and having the rights provided for in these Articles;
"Class B Ordinary Share"	means an Ordinary Share of a par value of US$0.0002 in the capital of the Company, designated as a Class B Ordinary Share and having the rights provided for in these Articles;
"Commission"	means the Securities and Exchange Commission of the United States of America or any other federal agency for the time being administering the Securities Act;
"Company"	means Burning Rock Biotech Limited, 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 main corporate/investor relations website of the Company, the address or domain name of which has been disclosed in any registration statement filed by the Company with the Commission in connection with its initial public offering of ADSs, or which has otherwise been notified to Shareholders;
"Designated Stock Exchange"	means the stock exchange in the United States on which any 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"	has 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;
"electronic record"	has 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;

"Memorandum of Association"	means the memorandum of association of the Company, as amended or substituted from time to time;
"Ordinary Resolution"	means a resolution: (a) passed by a simple majority of the votes cast by such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorised representatives, at a general meeting of the Company held in accordance with these Articles; or (b) approved in writing by all of the Shareholders entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Shareholders and the effective date of the resolution so adopted shall be the date on which the instrument, or the last of such instruments, if more than one, is executed;
"Ordinary Share"	means a Class A Ordinary Share or a Class B Ordinary Share;
"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;
"Register"	means the register of Members 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 of America, as amended, or any similar federal statute and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time;
"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" or "Member"	means a Person who is registered as the holder of one or more 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 Companies Law, being a resolution:

(a) passed by not less than two-thirds of the votes cast by such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorised representatives, at a general meeting of the Company of which notice specifying the intention to propose the resolution as a special resolution has been duly given; or

(b) approved in writing by all of the Shareholders entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Shareholders and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments, if more than one, is executed;

"Treasury Share" means a Share held in the name of the Company as a treasury share in accordance with the Companies Law; and

"United States" means the United States of America, its territories, its possessions and all areas subject to its jurisdiction.

2. In these Articles, save where the context requires otherwise:

(a) words importing the singular number shall include the plural number and vice versa;

(b) words importing the masculine gender only shall include the feminine gender and any Person as the context may require;

(c) the word "may" shall be construed as permissive and the word "shall" shall be construed as imperative;

(d) reference to a dollar or dollars (or US$) and to a cent or cents is reference to dollars and cents of the United States of America;

(e) reference to a statutory enactment shall include reference to any amendment or re-enactment thereof for the time being in force;

(f) reference to any determination by the Directors shall be construed as a determination by the Directors in their sole and absolute discretion and shall be applicable either generally or in any particular case;

(g) reference to "in writing" shall be construed as written or represented by any means reproducible in writing, including any form of print, lithograph, email, facsimile, photograph or telex or represented by any other substitute or format for storage or transmission for writing including in the form of an electronic record or partly one and partly another;

(h) any requirements as to delivery under the Articles include delivery in the form of an electronic record or an electronic communication;

(i) any requirements as to execution or signature under the Articles, including the execution of the Articles themselves, can be satisfied in the form of an electronic signature as defined in the Electronic Transaction Law; and

(j) Sections 8 and 19(3) 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, 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 Members, cause the Company to:

(a) issue, allot 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 Shares or other securities to be issued 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, convertible securities 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. Notwithstanding Article 17, 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 in their absolute discretion and without approval of the Members; 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 Members 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. The Company shall not issue Shares to bearer.

10. The Company may insofar as may be permitted by law, pay a commission to any Person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any Shares. Such commissions may be satisfied by the payment of cash or the lodgement of fully or partly paid-up Shares or partly in one way and partly in the other. The Company may also pay such brokerage as may be lawful on any issue of Shares.

11. The Directors may refuse to accept any application for Shares, and may accept any application in whole or in part, for any reason or for no reason.

CLASS A ORDINARY SHARES AND CLASS B ORDINARY SHARES

12. Holders of Class A Ordinary Shares and Class B Ordinary Shares shall at all times vote together as one class on all resolutions submitted to a vote by the Members. Each Class A Ordinary Share shall entitle the holder thereof to one (1) vote on all matters subject to vote at general meetings of the Company, and each Class B ordinary share shall entitle the holder thereof to six (6) votes on all matters subject to vote at general meetings of the Company.

13. Each Class B Ordinary Share is convertible into one (1) Class A Ordinary Share at any time at the option of the holder thereof. The right to convert shall be exercisable by the holder of the Class B Ordinary Share delivering a written notice to the Company that such holder elects to convert a specified number of Class B Ordinary Shares into Class A Ordinary Shares. In no event shall Class A Ordinary Shares be convertible into Class B Ordinary Shares. Each Class B Ordinary Share shall automatically be re-designated into one Class A Ordinary Share without any action being required by the holders of Class B Ordinary Shares and whether or not the certificates representing such shares are surrendered to the Company or its transfer agent, if (i) at any time the founder of the Company and his Affiliates collectively hold less than 5% of the total number of issued and outstanding Shares in the capital of the Company, or (ii) at any time the founder of the Company and his Affiliates collectively hold less than 8.5% of the total number of issued and outstanding Shares in the capital of the Company and the founder of the Company is no longer providing services to the Company in a position equivalent to or above vice president.

14. Upon any sale, transfer, assignment or disposition of any Class B Ordinary Share by a Shareholder to any person who is not an Affiliate of such Shareholder, or upon a change of control of any Class B Ordinary Share to any Person who is not an Affiliate of the registered shareholder of such Share, such Class B Ordinary Share shall be automatically and immediately converted into one Class A Ordinary Share. For the avoidance of doubt, (i) a sale, transfer, assignment or disposition shall be effective upon the Company's registration of such sale, transfer, assignment or disposition in its Register; and (ii) the creation of any pledge, charge, encumbrance or other third party right of whatever description on any Class B Ordinary Shares to secure a holder's contractual or legal obligations shall not be deemed as a sale, transfer, assignment or disposition unless and until any such pledge, charge, encumbrance or other third party right is enforced and results in the third party holding legal title to the relevant Class B Ordinary Shares, in which case all the related Class B Ordinary Shares shall be automatically converted into the same number of Class A Ordinary Shares.

15. Any conversion of Class B Ordinary Shares into Class A Ordinary Shares pursuant to these Articles shall be effected by means of the re-designation of each relevant Class B Ordinary Share as a Class A Ordinary Share. Such conversion shall become effective forthwith upon entries being made in the Register to record the re-designation of the relevant Class B Ordinary Shares as Class A Ordinary Shares.

16. Save and except for voting rights and conversion rights as set out in Articles 12 to 15(inclusive), the Class A Ordinary Shares and the Class B Ordinary Shares shall rank *pari passu* with one another and shall have the same rights, preferences, privileges and restrictions.

MODIFICATION OF RIGHTS

17. Whenever the capital of the Company is divided into different Classes 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 all of the issued Shares of that Class or with the sanction of an Ordinary 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 holding or representing by proxy at least one-third in nominal or par value amount of the issued Shares of the relevant Class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those Shareholders who are present shall form a quorum) and that, subject to any rights or restrictions for the time being attached to the Shares of that Class, every Shareholder of the Class shall on a poll have one vote for each Share of the Class held by him. For the purposes of this Article the Directors may treat all the Classes or any two or more Classes as forming one Class if they consider that all such Classes would be affected in the same way by the proposals under consideration, but in any other case shall treat them as separate Classes.

18. The rights conferred upon the holders of the Shares of any Class issued with preferred or other rights shall not, subject to any rights or restrictions for the time being attached to the Shares of that Class, be deemed to be materially adversely varied 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

19. Every Person whose name is entered as a Member in the Register may, without payment and upon its written request, request a certificate within two calendar months after allotment or lodgement of transfer (or within such other period as the conditions of issue shall provide) in the form determined by the Directors. All certificates shall specify the Share or Shares held by that Person, provided that in respect of a Share or Shares held jointly by several persons the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a Share to one of several joint holders shall be sufficient delivery to all. All certificates for Shares shall be delivered personally or sent through the post addressed to the Member entitled thereto at the Member's registered address as appearing in the Register.

20. Every share certificate of the Company shall bear legends required under the applicable laws, including the Securities Act.

21. Any two or more certificates representing Shares of any one Class held by any Member may at the Member's request be cancelled and a single new certificate for such Shares issued in lieu on payment (if the Directors shall so require) of one dollar (US$1.00) or such smaller sum as the Directors shall determine.

22. If a share certificate shall be damaged or defaced or alleged to have been lost, stolen or destroyed, a new certificate representing the same Shares may be issued to the relevant Member upon request, subject to delivery up of the old certificate or (if alleged to have been lost, stolen or destroyed) compliance with such conditions as to evidence and indemnity and the payment of out-of-pocket expenses of the Company in connection with the request as the Directors may think fit.

23. In the event that Shares are held jointly by several persons, any request may be made by any one of the joint holders and if so made shall be binding on all of the joint holders.

FRACTIONAL SHARES

24. The Directors may issue fractions of a Share and, if so issued, a fraction of a Share shall be subject to and carry the corresponding fraction of liabilities (whether with respect to nominal or par value, premium, contributions, calls or otherwise), limitations, preferences, privileges, qualifications, restrictions, rights (including, without prejudice to the generality of the foregoing, voting and participation rights) and other attributes of a whole Share. If more than one fraction of a Share of the same Class is issued to or acquired by the same Shareholder such fractions shall be accumulated.

LIEN

25. The Company has a first and paramount lien on every Share (whether or not fully paid) for all amounts (whether presently payable or not) payable at a fixed time or called in respect of that Share. The Company also has a first and paramount lien on every Share registered in the name of a Person indebted or under liability to the Company (whether he is the sole registered holder of a Share or one of two or more joint holders) for all amounts owing by him or his estate to the Company (whether or not presently payable). The Directors may at any time declare a Share to be wholly or in part exempt from the provisions of this Article. The Company's lien on a Share extends to any amount payable in respect of it, including but not limited to dividends.

26. The Company may sell, in such manner as the Directors in their absolute discretion think fit, any Share on which the Company has a lien, but no sale shall be made unless an amount in respect of which the lien exists is presently payable nor until the expiration of fourteen calendar days after a notice in writing, demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the Share, or the Persons entitled thereto by reason of his death or bankruptcy.

27. For giving effect to any such sale the Directors may authorise a Person to transfer the Shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the Shares comprised in any such transfer and he shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

28. The proceeds of the sale after deduction of expenses, fees and 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

29. Subject to the terms of the allotment, the Directors may from time to time make calls upon the Shareholders in respect of any moneys unpaid on their Shares, and each Shareholder shall (subject to receiving at least fourteen calendar days' notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on such Shares. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.

30. The joint holders of a Share shall be jointly and severally liable to pay calls in respect thereof.

31. If a sum called in respect of a Share is not paid before or on the day appointed for payment thereof, the Person from whom the sum is due shall pay interest upon the sum at the rate of eight percent per annum from the day appointed for the payment thereof to the time of the actual payment, but the Directors shall be at liberty to waive payment of that interest wholly or in part.

32. The provisions of these Articles as to the liability of joint holders and as to payment of interest shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the amount of the Share, or by way of premium, as if the same had become payable by virtue of a call duly made and notified.

33. The Directors may make arrangements with respect to the issue of partly paid Shares for a difference between the Shareholders, or the particular Shares, in the amount of calls to be paid and in the times of payment.

34. The Directors may, if they think fit, receive from any Shareholder willing to advance the same all or any part of the moneys uncalled and unpaid upon any partly paid Shares held by him, and upon all or any of the moneys so advanced may (until the same would, but for such advance, become presently payable) pay interest at such rate (not exceeding without the sanction of an Ordinary Resolution, eight percent per annum) as may be agreed upon between the Shareholder paying the sum in advance and the Directors. No such sum paid in advance of calls shall entitle the Member paying such sum to any portion of a dividend declared in respect of any period prior to the date upon which such sum would, but for such payment, become presently payable.

FORFEITURE OF SHARES

35. If a Shareholder fails to pay any call or instalment of a call in respect of partly paid Shares on the day appointed for payment, the Directors may, at any time thereafter during such time as any part of such call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

36. The notice shall name a further day (not earlier than the expiration of fourteen calendar days from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed, the Shares in respect of which the call was made will be liable to be forfeited.

37. If the requirements of any such notice as aforesaid are not complied with, any Share in respect of which the notice has been given may at any time thereafter, before the payment required by notice has been made, be forfeited by a resolution of the Directors to that effect.

38. A forfeited Share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit.

39. A Person whose Shares have been forfeited shall cease to be a Shareholder in respect of the forfeited Shares, but shall, notwithstanding, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the Shares forfeited, but his liability shall cease if and when the Company receives payment in full of the amount unpaid on the Shares forfeited.

40. A certificate in writing under the hand of a Director that a Share has been duly forfeited on a date stated in the certificate shall be conclusive evidence of the facts in the declaration as against all Persons claiming to be entitled to the Share.

41. The Company may receive the consideration, if any, given for a Share on any sale or disposition thereof pursuant to the provisions of these Articles as to forfeiture and may execute a transfer of the Share in favour of the Person to whom the Share is sold or disposed of and that Person shall be registered as the holder of the Share and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the disposition or sale.

42. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a Share becomes due and payable, whether on account of the amount of the Share, or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

TRANSFER OF SHARES

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.

43. (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; and

(v) a fee of such maximum sum as the Designated Stock Exchange may determine to be payable, or such lesser sum as the Board of Directors may from time to time require, is paid to the Company in respect thereof.

44. The registration of transfers may, on ten calendar days' notice being given by advertisement in such one or more newspapers, by electronic means or by any other means in accordance with the Designated Stock Exchange Rules, be suspended and the Register closed at such times and for such periods as the Directors may, in their absolute discretion, from time to time determine, provided always that such registration of transfer shall not be suspended nor the Register closed for more than thirty calendar days in any calendar year.

45. 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 calendar months after the date on which the instrument of transfer was lodged with the Company send notice of the refusal to each of the transferor and the transferee.

TRANSMISSION OF SHARES

46. 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.

47. 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.

48. A Person becoming entitled to a Share by reason of the death or bankruptcy of a Shareholder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered Shareholder, except that he shall not, before being registered as a Shareholder in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company, provided however, that the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the Share, and if the notice is not complied with within ninety calendar days, the Directors may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.

REGISTRATION OF EMPOWERING INSTRUMENTS

49. 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

50. 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.

51. The Company may by Ordinary Resolution:

(a) increase its share capital by new Shares of such amount as it thinks expedient;

(b) consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares;

(c) subdivide its Shares, or any of them, into Shares of an amount smaller than that fixed by the Memorandum, provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in case of the Share from which the reduced Share is derived; and

(d) cancel any Shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any Person and diminish the amount of its share capital by the amount of the Shares so cancelled.

Unless the Board in its sole discretion determines otherwise, all new Shares created in accordance with the provisions of the preceding Article shall be subject to the same provisions of the Articles with reference to the payment of calls, liens, transfer, transmission, forfeiture and otherwise as the Shares in the original share capital. The Board may settle as they consider expedient any difficulty which arises in relation to any consolidation and division under the preceding Article and in particular but without prejudice to the generality of the foregoing may issue certificates in respect of fractions of shares or arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale (after deduction of the expenses of such sale) in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may authorize some person to transfer the shares representing fractions to their purchaser or resolve that such net proceeds be paid to the Company for the Company's benefit. Such purchaser will not be bound to see to the application of the purchase money nor will his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

52. 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

53. 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 Members by Ordinary Resolution, or are otherwise authorised 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.

54. 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.

55. 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.

56. The Directors may accept the surrender for no consideration of any fully paid Share.

TREASURY SHARES

57. The Directors may, prior to the purchase, redemption or surrender of any Share, determine that such Share shall be held as a Treasury Share.

58. The Directors may determine to cancel a Treasury Share or transfer a Treasury Share on such terms as they think proper (including, without limitation, for nil consideration).

In the event that the Directors do not specify that the relevant Shares are to be held as Treasury Shares, such Shares shall be cancelled.

GENERAL MEETINGS

59. All general meetings other than annual general meetings shall be called extraordinary general meetings.

60. (a) The Company may (but shall not be obliged to, unless as required by applicable law or Designated Stock Exchange Rules) in each calendar year hold a general meeting as its annual general meeting and shall specify the meeting as such in the notices calling it. The annual general meeting shall be held at such time and place as may be determined by the Directors.

(b) At these meetings the report of the Directors (if any) shall be presented.

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 requisition of Members holding at the date of deposit of the requisition Shares which carry in aggregate not less than one-third (1/3) of all votes attaching to all issued and outstanding Shares of the Company that as at the date of the deposit carry the right to vote at general meetings of the Company.

(c) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.

(d) If there are no Directors as at the date of the deposit of the Shareholders' requisition, or if the Directors do not within twenty-one (21) calendar days from the date of the deposit of the requisition duly proceed to convene a general meeting to be held within a further twenty-one (21) calendar days, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three calendar months after the expiration of the said twenty-one (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.

NOTICE OF GENERAL MEETINGS

62. At least seven (7) calendar days' notice shall be given for any general meeting. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, 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 two-thirds (2/3rd) of the Shareholders having a right to attend and vote at the meeting, present in person or by proxy or, in the case of a corporation or other non-natural person, by its duly authorised representative or proxy.

63. 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

64. No business except for the appointment of a chairman for the meeting shall be transacted at any general meeting unless a quorum of Shareholders is present at the time when the meeting proceeds to business. One or more Shareholders holding Shares which carry in aggregate (or representing by proxy) not less than one-third of all votes attaching to all Shares in issue and entitled to vote at such general meeting, present in person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative, shall be a quorum for all purposes.

65. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall be dissolved.

66. 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.

67. The Chairman, if any, of the Board of Directors shall preside as chairman at every general meeting of the Company.

68. If there is no such Chairman of the Board of Directors, or if at any general meeting he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairman of the meeting, any Director or Person nominated by the Directors shall preside as chairman of that meeting, failing which the Shareholders present in person or by proxy shall choose any Person present to be chairman of that meeting.

69. 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.

70. The Directors may cancel or postpone any duly convened general meeting at any time prior to such meeting, except for general meetings requisitioned by the Shareholders in accordance with these Articles, for any reason or for no reason, upon notice in writing to Shareholders. A postponement may be for a stated period of any length or indefinitely as the Directors may determine. Notice of the business to be transacted at such postponed general meeting shall not be required. If a general meeting is postponed in accordance with this Article, the appointment of a proxy will be valid if it is received as required by the Articles not less than 48 hours before the time appointed for holding the postponed meeting.

71. 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 of the meeting or any Shareholder holding not less than ten per cent (10%) of the votes attaching to the Shares present in person or by proxy, and unless a poll is so demanded, a declaration by the chairman of the meeting that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution.

72. If a poll is duly demanded it shall be taken in such manner as the chairman of the meeting directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

73. All questions submitted to a meeting shall be decided by an Ordinary Resolution except where a greater majority is required by these Articles or by the Companies 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.

74. 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

75. Subject to any rights and restrictions for the time being attached to any Share, on a show of hands every Shareholder present in person or by proxy (or, if a corporation or other non-natural person, by its duly authorised representative or proxy) shall, at a general meeting of the Company, each have one vote and on a poll every Shareholder present in person or by proxy (or, if a corporation or other non-natural person, by its duly authorised representative or proxy) shall have one (1) vote for each Class A Ordinary Share and six (6) votes for each Class B Ordinary Share of which he is the holder.

76. In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy (or, if a corporation or other non-natural person, by its duly authorised representative or proxy) shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register.

77. Shares carrying the right to vote that are held by a Shareholder of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may be voted, whether on a show of hands or on a poll, by his committee, or other Person in the nature of a committee appointed by that court, and any such committee or other Person may vote in respect of such Shares by proxy.

78. 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.

79. On a poll votes may be given either personally or by proxy.

80. 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.

81. An instrument appointing a proxy may be in any usual or common form or such other form as the Directors may approve.

82. 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 at such other time (no later than the time for holding the meeting or adjourned meeting) at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, or in any instrument of proxy sent out by the Company. The Chairman 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.

83. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

84. A resolution in writing signed by all the Shareholders for the time being entitled to receive notice of and to attend and vote at general meetings of the Company (or being corporations by their duly authorised representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.

CORPORATIONS ACTING BY REPRESENTATIVES AT MEETINGS

85. 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

86. If a recognised clearing house (or its nominee(s)) or depositary (or its nominee(s)) is a Member of the Company it may, by resolution of its directors or other governing body or by power of attorney, authorise such Person(s) as it thinks fit to act as its representative(s) at any general meeting of the Company or of any Class of Shareholders provided that, if more than one Person is so authorised, the authorisation shall specify the number and Class of Shares in respect of which each such Person is so authorised. A Person so authorised pursuant to this Article shall be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) or depositary (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) or depositary (or its nominee(s)) could exercise if it were an individual Member holding the number and Class of Shares specified in such authorisation, including the right to vote individually on a show of hands.

DIRECTORS

87. (a) Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than three (3) Directors, the exact number of Directors to be determined from time to time by the Board of Directors.

(b) The Board of Directors shall have a Chairman 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 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.

(c) The Company may by Ordinary Resolution appoint any person to be a Director.

(d) The Board may, by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting, appoint any person as a Director, to fill a vacancy on the Board arising from the office of any Director being vacated in any of the circumstances described in Article 109, or as an addition to the existing Board. Any directors so appointed by the board shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

(e) 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 in a written agreement between the Company and the Director, if any; 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.

88. 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). A vacancy on the Board created by the removal of a Director under the previous sentence may be filled by Ordinary Resolution or by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting. The notice of any meeting at which a resolution to remove a Director shall be proposed or voted upon must contain a statement of the intention to remove that Director and such notice must be served on that Director not less than ten (10) calendar days before the meeting. Such Director is entitled to attend the meeting and be heard on the motion for his removal.

89. The Board may, from time to time, and except as required by applicable law or Designated Stock Exchange Rules, adopt, institute, amend, modify or revoke the corporate governance policies or initiatives of the Company and determine on various corporate governance related matters of the Company as the Board shall determine by resolution of Directors from time to time.

90. A Director shall not be required to hold any Shares in the Company by way of qualification. A Director who is not a Member of the Company shall nevertheless be entitled to attend and speak at general meetings.

91. The remuneration of the Directors may be determined by the Directors or by Ordinary Resolution.

92. The Directors shall be entitled to be paid for 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

93. Any Director may in writing appoint another Person to be his alternate and, save to the extent provided otherwise in the form of appointment, such alternate shall have authority to sign written resolutions on behalf of the appointing Director, but shall not be required to sign such written resolutions where they have been signed by the appointing director, and to act in such Director's place at any meeting of the Directors at which the appointing Director is unable to be present. Every such alternate shall be entitled to attend and vote at meetings of the Directors as a Director when the Director appointing him is not personally present and where he is a Director to have a separate vote on behalf of the Director he is representing in addition to his own vote. A Director may at any time in writing revoke the appointment of an alternate appointed by him. Such alternate shall be deemed for all purposes to be a Director and shall not be deemed to be the agent of the Director appointing him. The remuneration of such alternate shall be payable out of the remuneration of the Director appointing him and the proportion thereof shall be agreed between them.

94. 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.

POWERS AND DUTIES OF DIRECTORS

95. Subject to the Companies Law, these Articles and 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.

96. Subject to these Articles, the Directors may from time to time appoint any natural person or corporation, whether or not a Director to hold such office in the Company as the Directors may think necessary for the administration of the Company, including but not limited to, chief executive officer, one or more other executive officers, president, one or more vice-presidents, treasurer, assistant treasurer, manager or controller, and for such term and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and partly in another), and with such powers and duties as the Directors may think fit. Any natural person or corporation so appointed by the Directors may be removed by the Directors. The Directors may also appoint one or more of their number to the office of managing director upon like terms, but any such appointment shall ipso facto terminate if any managing director ceases for any cause to be a Director, or if the Company by Ordinary Resolution resolves that his tenure of office be terminated.

97. 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.

98. 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.

99. 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.

100. 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.

101. 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.

102. 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.

103. 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

104. 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

105. 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.

106. 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.

107. 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.

RETIREMENT OF DIRECTORS

108. (a) Notwithstanding any other provisions in the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not greater than one-third) shall retire from office by rotation.

(b) A retiring Director shall be eligible for re-election. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed pursuant to Article 87(d) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

(c) No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a Notice signed by a Member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Registration Office provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that the period for lodgment of such Notice(s) shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

DISQUALIFICATION OF DIRECTORS

108. [Reserved]

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 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 Board may be fixed by the Directors, and unless so fixed, the quorum shall be a majority of Directors then in office. A Director represented by 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. Subject to the Designated Stock Exchange Rules and disqualification by the chairman of the relevant Board meeting, a Director may vote in respect of any contract or transaction or proposed contract or transaction notwithstanding that he may be interested therein and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of the Directors at which any such contract or transaction or proposed contract or transaction shall come before the meeting for consideration, provided that:

(a) such Director, if his interest (whether direct or indirect) in such contract or arrangement is material, has declared the nature of his interest at the earliest meeting of the Board at which it is practicable for him to do so, either specifically or by way of a general notice. 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; and

(b) if such contract of arrangement is a transaction with a related party, such transaction has been approved by the audit committee of the Company.

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 interest, may be counted in the quorum present at any meeting of the Directors whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged and he may vote on any such appointment or arrangement.

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.

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 that all the Directors have not actually come together 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 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 who is present at a meeting of the Board of Directors at which an action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent from such action with the person acting as the chairman or secretary of the meeting before the adjournment thereof or shall forward such dissent by registered post to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favour of such action.

DIVIDENDS

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 determine that a dividend shall be paid wholly or partly by the distribution of specific assets (which may consist of the shares or securities of any other company) and may settle all questions concerning such distribution. Without limiting the generality of the foregoing, the Directors may fix the value of such specific assets, may determine that cash payment shall be made to some Shareholders in lieu of specific assets and may vest any such specific assets in trustees on such terms as the Directors think fit.

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 calendar years from the date of declaration of such dividend may be forfeited by the Board of Directors and, if so forfeited, shall revert to the Company.

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 to inspect any account or book or document of the Company except as conferred by law or authorised by the Directors or by Ordinary Resolution.

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 Members.

140. The Directors in each calendar year shall prepare, or cause to be prepared, an annual return and declaration setting forth the particulars required by the Companies 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:

(a) resolve to capitalise an amount standing to the credit of reserves (including a Share Premium Account, capital redemption reserve and profit and loss account), which is available for distribution;

(b) appropriate the sum resolved to be capitalised to the Shareholders in proportion to the nominal amount of Shares (whether or not fully paid) held by them respectively and apply that sum on their behalf in or towards:

(i) paying up the amounts (if any) for the time being unpaid on Shares held by them respectively, or

(ii) paying up in full unissued Shares or debentures of a nominal amount equal to that sum,

and allot the Shares or debentures, credited as fully paid, to the Shareholders (or as they may direct) in those proportions, or partly in one way and partly in the other, but the Share Premium Account, the capital redemption reserve and profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued Shares to be allotted to Shareholders credited as fully paid;

(c) make any arrangements they think fit to resolve a difficulty arising in the distribution of a capitalised reserve and in particular, without limitation, where Shares or debentures become distributable in fractions the Directors may deal with the fractions as they think fit;

(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.

142. Notwithstanding any provisions in these Articles, the Directors may resolve to capitalise an amount standing to the credit of reserves (including the share premium account, capital redemption reserve and profit and loss account) or otherwise available for distribution by applying such sum in paying up in full unissued Shares to be allotted and issued to:

(a) employees (including Directors) or service providers of the Company or its Affiliates upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Directors or the Members;

(b) any trustee of any trust or administrator of any share incentive scheme or employee benefit scheme to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Directors or Members; or

(c) any depositary of the Company for the purposes of the issue, allotment and delivery by the depositary of ADSs to employees (including Directors) or service providers of the Company or its Affiliates upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the Directors or the Members.

SHARE PREMIUM ACCOUNT

143. 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.

144. 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

145. Except as otherwise provided in these Articles, any notice or document may be served by the Company or by the Person entitled to give notice to any Shareholder either personally, or by posting it by airmail or a recognised courier service in a prepaid letter addressed to such Shareholder at his address as appearing in the Register, or by electronic mail to any electronic mail address such Shareholder may have specified in writing for the purpose of such service of notices, or by facsimile to any facsimile number such Shareholder may have specified in writing for the purpose of such service of notices, or by placing it on the Company's Website should the Directors deem it appropriate. In the case of joint holders of a Share, all notices shall be given to that one of the joint holders whose name stands first in the Register in respect of the joint holding, and notice so given shall be sufficient notice to all the joint holders.

146. Notices sent from one country to another shall be sent or forwarded by prepaid airmail or a recognized courier service.

147. 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.

148. 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) recognized 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 to the electronic mail address supplied by the Shareholder to the Company; or

(e) placing it on the Company's Website, shall be deemed to have been served immediately upon the time of its placement on the Company's Website.

In proving service by post or courier service it shall be sufficient to prove that the letter containing the notice or documents was properly addressed and duly posted or delivered to the courier service.

149. 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.

150. 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

151. No Member shall be entitled to require discovery of any information in respect of any detail of the Company's trading or any information which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Board would not be in the interests of the Members of the Company to communicate to the public.

152. The Board shall be entitled to release or disclose any information in its possession, custody or control regarding the Company or its affairs to any of its Members including, without limitation, information contained in the Register and transfer books of the Company.

INDEMNITY

153. Every Director (including for the purposes of this Article any alternate Director appointed pursuant to the provisions of these Articles), Secretary, assistant Secretary, or other officer for the time being and from time to time of the Company (but not including the Company's auditors) and the personal representatives of the same (each an "Indemnified Person") shall be indemnified and secured harmless against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such Indemnified Person, other than by reason of such Indemnified Person's own dishonesty, willful default or fraud, in or about the conduct of the Company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such Indemnified Person in defending (whether successfully or otherwise) any civil proceedings concerning the Company or its affairs in any court whether in the Cayman Islands or elsewhere.

154. No Indemnified Person shall be liable:

(a) for the acts, receipts, neglects, defaults or omissions of any other Director or officer or agent of the Company; or

(b) for any loss on account of defect of title to any property of the Company; or

(c) on account of the insufficiency of any security in or upon which any money of the Company shall be invested; or

(d) for any loss incurred through any bank, broker or other similar Person; or

(e) for any loss occasioned by any negligence, default, breach of duty, breach of trust, error of judgement or oversight on such Indemnified Person's part; or

(f) for any loss, damage or misfortune whatsoever which may happen in or arise from the execution or discharge of the duties, powers, authorities, or discretions of such Indemnified Person's office or in relation thereto;

unless the same shall happen through such Indemnified Person's own dishonesty, willful default or fraud.

FINANCIAL YEAR

155. Unless the Directors otherwise prescribe, the financial year of the Company shall end on December 31st in each calendar year and shall begin on January 1st in each calendar year.

NON-RECOGNITION OF TRUSTS

156. 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

157. 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 Members 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 Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any asset upon which there is a liability.

158. If the Company shall be wound up, and the assets available for distribution amongst the Members shall be insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the par value of the Shares held by them. If in a winding up the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst the Members in proportion to the par value of the Shares held by them at the commencement of the winding up subject to a deduction from those Shares in respect of which there are monies due, of all monies payable to the Company for unpaid calls or otherwise. This Article is without prejudice to the rights of the holders of Shares issued upon special terms and conditions.

AMENDMENT OF ARTICLES OF ASSOCIATION

159. 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

160. For the purpose of determining those Shareholders that are entitled to receive notice of, attend or vote at any meeting of Shareholders or any adjournment thereof, or those Shareholders that are entitled to receive payment of any dividend, or in order to make a determination as to who is a Shareholder for any other purpose, the Directors may provide that the Register shall be closed for transfers for a stated period which shall not exceed in any case thirty calendar days in any calendar year.

161. 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.

162. 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

163. 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

164. 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 or to any stock exchange on which securities of the Company may from time to time be listed any information regarding the affairs of the Company including without limitation information contained in the Register and books of the Company.

Exhibit 4.3

DEPOSIT AGREEMENT

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by and among

BURNING ROCK BIOTECH LIMITED

and

CITIBANK, N.A.,
as Depositary,

and

ALL HOLDERS AND BENEFICIAL OWNERS OF
AMERICAN DEPOSITARY SHARES
ISSUED HEREUNDER

Dated as of **[date]**, 2020

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DEPOSIT AGREEMENT

DEPOSIT AGREEMENT, dated as of [●], 2020, by and among (i) Burning Rock Biotech Limited, an exempted company with limited liability organized under the laws of the Cayman Islands, and its successors (the "Company"), (ii) Citibank, N.A., a national banking association organized under the laws of the United States of America ("Citibank") acting in its capacity as depositary, and any successor depositary hereunder (Citibank in such capacity, the "Depositary"), and (iii) all Holders and Beneficial Owners of American Depositary Shares issued hereunder (all such capitalized terms as hereinafter defined).

W I T N E S S E T H T H A T:

WHEREAS, the Company desires to establish with the Depositary an ADR facility to provide *inter alia* for the deposit of the Shares (as hereinafter defined) and the creation of American Depositary Shares representing the Shares so deposited and for the execution and Delivery (as hereinafter defined) of American Depositary Receipts (as hereinafter defined) evidencing such American Depositary Shares; and

WHEREAS, the Depositary is willing to act as the Depositary for such ADR facility upon the terms set forth in the Deposit Agreement (as hereinafter defined); and

WHEREAS, any American Depositary Receipts issued pursuant to the terms of the Deposit Agreement are to be substantially in the form of Exhibit A attached hereto, with appropriate insertions, modifications and omissions, as hereinafter provided in the Deposit Agreement; and

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

All capitalized terms used, but not otherwise defined, herein shall have the meanings set forth below, unless otherwise clearly indicated:

Section 1.1 "**ADS Record Date**" shall have the meaning given to such term in Section 4.9.

Section 1.2 **"Affiliate"** shall have the meaning assigned to such term by the Commission (as hereinafter defined) under Regulation C promulgated under the Securities Act (as hereinafter defined), or under any successor regulation thereto.

Section 1.3 "**American Depositary Receipt(s)**", "**ADR(s)**" and "**Receipt(s)**" shall mean the certificate(s) issued by the Depositary to evidence the American Depositary Shares issued under the terms of the Deposit Agreement in the form of Certificated ADS(s) (as hereinafter defined), as such ADRs may be amended from time to time in accordance with the provisions of the Deposit Agreement. An ADR may evidence any number of ADSs and may, in the case of ADSs held through a central depository such as DTC, be in the form of a "Balance Certificate."

Section 1.4 "**American Depositary Share(s)**" and "**ADS(s)**" shall mean the rights and interests in the Deposited Property (as hereinafter defined) granted to the Holders and Beneficial Owners pursuant to the terms and conditions of the Deposit Agreement and, if issued as Certificated ADS(s) (as hereinafter defined), the ADR(s) issued to evidence such ADSs. ADS(s) may be issued under the terms of the Deposit Agreement in the form of (a) Certificated ADS(s) (as hereinafter defined), in which case the ADS(s) are evidenced by ADR(s), or (b) Uncertificated ADS(s) (as hereinafter defined), in which case the ADS(s) are not evidenced by ADR(s) but are reflected on the direct registration system maintained by the Depositary for such purposes under the terms of Section 2.13. Unless otherwise specified in the Deposit Agreement or in any ADR, or unless the context otherwise requires, any reference to ADS(s) shall include Certificated ADS(s) and Uncertificated ADS(s), individually or collectively, as the context may require. Each ADS shall represent 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, subject, in each case, to the terms and conditions of the Deposit Agreement and the applicable ADR (if issued as a Certificated ADS), until there shall occur a distribution upon Deposited Securities referred to in Section 4.2 or a change in Deposited Securities referred to in Section 4.11 with respect to which additional ADSs are not issued, and thereafter each ADS shall represent the right to receive, and to exercise the beneficial ownership interests in, the applicable Deposited Property on deposit with the Depositary and the Custodian determined in accordance with the terms of such Sections, subject, in each case, to the terms and conditions of the Deposit Agreement and the applicable ADR (if issued as a Certificated ADS). In addition, the ADS(s)-to-Share(s) ratio is subject to amendment as provided in Articles IV and VI of the Deposit Agreement (which may give rise to Depositary fees).

Section 1.5 "**Articles of Association**" shall mean the Articles of Association of the Company, as amended and restated from time to time.

Section 1.6 "**Beneficial Owner**" shall mean, as to any ADS, any person or entity having a beneficial interest deriving from the ownership of such ADS. Notwithstanding anything else contained in the Deposit Agreement, any ADR(s) or any other instruments or agreements relating to the ADSs and the corresponding Deposited Property, 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 holders only of the Deposited Property represented by the ADSs for the benefit of the Holders and Beneficial Owners of the corresponding ADSs. The Depositary, on its own behalf and on behalf of the Custodian and their respective nominees, disclaims any beneficial ownership interest in the Deposited Property held on behalf of the Holders and Beneficial Owners of ADSs. The beneficial ownership interests in the Deposited Property are 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 the Deposited Property. The beneficial ownership interests in the Deposited Property shall, unless otherwise agreed by the Depositary, be exercisable by the Beneficial Owners of the ADSs only through the Holders of such ADSs, by the Holders of the ADSs (on behalf of the applicable Beneficial Owners) only through the Depositary, and by the Depositary (on behalf of the Holders and Beneficial Owners of the corresponding ADSs) directly, or indirectly through the Custodian or their respective nominees, in each case upon the terms of the Deposit Agreement and, if applicable, the terms of the ADR(s) evidencing the ADSs. A Beneficial Owner of ADSs may or may not be the Holder of such ADSs. A Beneficial Owner shall be able to exercise any right or receive any benefit hereunder solely through the person who is the Holder of the ADSs owned by such Beneficial Owner. Unless otherwise identified to the Depositary, a Holder shall be deemed to be the Beneficial Owner of all the ADSs registered in his/her/its name. The manner in which a Beneficial Owner holds ADSs (e.g., in a brokerage account vs. as registered holder) may affect the rights and obligations of, the manner in which, and the extent to which, services are made available to, Beneficial Owners pursuant to the terms of the Deposit Agreement.

Section 1.7 **"Certificated ADS(s)"** shall have the meaning set forth in Section 2.13.

Section 1.8 **"Citibank"** shall mean Citibank, N.A., a national banking association organized under the laws of the United States of America, and its successors.

Section 1.9 "**Commission**" shall mean the Securities and Exchange Commission of the United States or any successor governmental agency thereto in the United States.

Section 1.10 "**Company**" shall mean Burning Rock Biotech Limited, an exempted company with limited liability organized under the laws of the Cayman Islands, and its successors.

Section 1.11 "**Custodian**" shall mean (i) as of the date hereof, Citibank, N.A. - Hong Kong, having its principal office at 9/F, Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong, as the custodian of Deposited Property for the purposes of the Deposit Agreement, (ii) Citibank, N.A., acting as custodian of Deposited Property pursuant to the Deposit Agreement, and (iii) any other entity that may be appointed by the Depositary pursuant to the terms of Section 5.5 as successor, substitute or additional custodian hereunder. The term "Custodian" shall mean any Custodian individually or all Custodians collectively, as the context requires.

Section 1.12 "**Deliver**" and "**Delivery**" shall mean (x) *when used in respect of Shares and other Deposited Securities*, either (i) the physical delivery of the certificate(s) representing such securities, or (ii) the book-entry transfer and recordation of such securities on the books of the Share Registrar (as hereinafter defined) or in the applicable book-entry settlement system, and (y) *when used in respect of ADSs*, either (i) the physical delivery of ADR(s) evidencing the ADSs, or (ii) the book-entry transfer and recordation of ADSs on the books of the Depositary or any book-entry settlement system in which the ADSs are settlement-eligible.

Section 1.13 "**Deposit Agreement**" shall mean this Deposit Agreement and all exhibits hereto, as the same may from time to time be amended and supplemented from time to time in accordance with the terms of the Deposit Agreement.

Section 1.14 "**Depositary**" shall mean Citibank, N.A., a national banking association organized under the laws of the United States, in its capacity as depositary under the terms of the Deposit Agreement, and any successor depositary hereunder.

Section 1.15 **"Deposited Property"** shall mean the Deposited Securities and any cash and other property held on deposit by the Depositary and the Custodian in respect of the ADSs under the terms of the Deposit Agreement, subject, in the case of cash, to the provisions of Section 4.8. All Deposited Property shall be held by the Custodian, the Depositary and their respective nominees for the benefit of the Holders and Beneficial Owners of the ADSs representing the Deposited Property. The Deposited Property is not intended to, and shall not, constitute proprietary assets of the Depositary, the Custodian or their nominees. Beneficial ownership in the Deposited Property 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 the Deposited Property.

Section 1.16 **"Deposited Securities"** shall mean the Shares and any other securities held on deposit by the Custodian from time to time in respect of the ADSs under the Deposit Agreement and constituting Deposited Property.

Section 1.17 "**Dollars**" and "**$**" shall refer to the lawful currency of the United States.

Section 1.18 "**DTC**" shall mean The Depository Trust Company, a national clearinghouse and the central book-entry settlement system for securities traded in the United States and, as such, the custodian for the securities of DTC Participants (as hereinafter defined) maintained in DTC, and any successor thereto.

Section 1.19 "**DTC Participant**" shall mean any financial institution (or any nominee of such institution) having one or more participant accounts with DTC for receiving, holding and delivering the securities and cash held in DTC. A DTC Participant may or may not be a Beneficial Owner. If a DTC Participant is not the Beneficial Owner of the ADSs credited to its account at DTC, or of the ADSs in respect of which the DTC Participant is otherwise acting, such DTC Participant shall be deemed, for all purposes hereunder, to have all requisite authority to act on behalf of the Beneficial Owner(s) of the ADSs credited to its account at DTC or in respect of which the DTC Participant is so acting. A DTC Participant, upon acceptance in any one of its DTC accounts of any ADSs (or any interest therein) issued in accordance with the terms and conditions of the Deposit Agreement, shall (notwithstanding any explicit or implicit disclosure that it may be acting on behalf of another party) be deemed for all purposes to be a party to, and bound by, the terms of the Deposit Agreement and the applicable ADR(s) to the same extent as, and as if the DTC Participant were, the Holder of such ADSs.

Section 1.20 "**Exchange Act**" shall mean the United States Securities Exchange Act of 1934, as amended from time to time.

Section 1.21 "**Foreign Currency**" shall mean any currency other than Dollars.

Section 1.22 "Full Entitlement ADR(s)", "Full Entitlement ADS(s)" and "Full Entitlement Share(s)" shall have the respective meanings set forth in Section 2.12.

Section 1.23 "**Holder(s)**" shall mean the person(s) in whose name the ADSs are registered on the books of the Depositary (or the Registrar, if any) maintained for such purpose. A Holder may or may not be a Beneficial Owner. If a Holder is not the Beneficial Owner of the ADS(s) registered in its name, such person shall be deemed, for all purposes hereunder, to have all requisite authority to act on behalf of the Beneficial Owners of the ADSs registered in its name. The manner in which a Holder holds ADSs (e.g., in certificated vs. uncertificated form) may affect the rights and obligations of, and the manner in which, and the extent to which, the services are made available to, Holders pursuant to the terms of the Deposit Agreement.

Section 1.24 "Partial Entitlement ADR(s)", "Partial Entitlement ADS(s)" and "Partial Entitlement Share(s)" shall have the respective meanings set forth in Section 2.12.

Section 1.25 "**Principal Office**" shall mean, when used with respect to the Depositary, the principal office of the Depositary at which at any particular time its depositary receipts business shall be administered, which, at the date of the Deposit Agreement, is located at 388 Greenwich Street, New York, New York 10013, U.S.A.

Section 1.26 "**Registrar**" shall mean the Depositary or any bank or trust company having an office in the Borough of Manhattan, The City of New York, which shall be appointed by the Depositary to register issuances, transfers and cancellations of ADSs as herein provided, and shall include any co-registrar appointed by the Depositary for such purposes. Registrars (other than the Depositary) may be removed and substitutes appointed by the Depositary. Each Registrar (other than the Depositary) appointed pursuant to the Deposit Agreement shall be required to give notice in writing to the Depositary accepting such appointment and agreeing to be bound by the applicable terms of the Deposit Agreement.

Section 1.27 "**Restricted Securities**" shall mean Shares, Deposited Securities or ADSs which (i) have been acquired directly or indirectly from the Company or any of its Affiliates in a transaction or chain of transactions not involving any public offering and are subject to resale limitations under the Securities Act or the rules issued thereunder, or (ii) are held by an executive officer or director (or persons performing similar functions) or other Affiliate of the Company, or (iii) are subject to other restrictions on sale or deposit under the laws of the United States, the Cayman Islands, or under a shareholder agreement or the Articles of Association of the Company or under the regulations of an applicable securities exchange unless, in each case, such Shares, Deposited Securities or ADSs are being transferred or sold to persons other than an Affiliate of the Company in a transaction (a) covered by an effective resale registration statement, or (b) exempt from the registration requirements of the Securities Act (as hereinafter defined), and the Shares, Deposited Securities or ADSs are not, when held by such person(s), Restricted Securities.

Section 1.28 **"Restricted ADR(s)", "Restricted ADS(s)" and "Restricted Shares"** shall have the respective meanings set forth in Section 2.14.

Section 1.29 "**Securities Act**" shall mean the United States Securities Act of 1933, as amended from time to time.

Section 1.30 "**Share Registrar**" shall mean Maples Fund Services (Cayman) Limited or any other institution organized under the laws of the Cayman Islands appointed by the Company from time to time to carry out the duties of registrar for the Shares, and any successor thereto.

Section 1.31 "**Shares**" shall mean the Company's Class A ordinary shares, par value US$0.0002 per share, validly issued and outstanding and fully paid and may, if the Depositary so agrees after consultation with the Company, include evidence of the right to receive Shares; provided that in no event shall Shares include evidence of the right to receive Shares with respect to which the full purchase price has not been paid or Shares as to which preemptive rights have theretofore not been validly waived or exercised; provided further, however, that, if there shall occur any change in par value, split-up, consolidation, reclassification, exchange, conversion or any other event described in Section 4.11 in respect of the Shares of the Company, the term "Shares" shall thereafter, to the maximum extent permitted by law, represent the successor securities resulting from such event.

Section 1.32 **"Uncertificated ADS(s)"** shall have the meaning set forth in Section 2.13.

Section 1.33 "**United States**" and "**U.S.**" shall have the meaning assigned to it in Regulation S as promulgated by the Commission under the Securities Act.

ARTICLE II

APPOINTMENT OF DEPOSITARY; FORM OF RECEIPTS; DEPOSIT OF SHARES; EXECUTION AND DELIVERY, TRANSFER AND SURRENDER OF RECEIPTS

Section 2.1 Appointment of Depositary. The Company hereby appoints the Depositary as depositary for the Deposited Property and hereby authorizes and directs the Depositary to act in accordance with the terms and conditions set forth in the Deposit Agreement and the applicable ADRs. Each Holder and each Beneficial Owner, upon acceptance of any ADSs (or any interest therein) 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), and (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.

Section 2.2 Form and Transferability of ADSs.

(a) **Form.** Certificated ADSs shall be evidenced by definitive ADRs which shall be engraved, printed, lithographed or produced in such other manner as may be agreed upon by the Company and the Depositary. ADRs may be issued under the Deposit Agreement in denominations of any whole number of ADSs. The ADRs shall be substantially in the form set forth in Exhibit A to the Deposit Agreement, with any appropriate insertions, modifications and omissions, in each case as otherwise contemplated in the Deposit Agreement or required by law. ADRs shall be (i) dated, (ii) signed by the manual or facsimile signature of a duly authorized signatory of the Depositary, (iii) countersigned by the manual or facsimile signature of a duly authorized signatory of the Registrar, and (iv) registered in the books maintained by the Registrar for the registration of issuances and transfers of ADSs. No ADR and no Certificated ADS evidenced thereby shall be entitled to any benefits under the Deposit Agreement or be valid or enforceable for any purpose against the Depositary or the Company, unless such ADR shall have been so dated, signed, countersigned and registered. ADRs bearing the facsimile signature of a duly-authorized signatory of the Depositary or the Registrar, who at the time of signature was a duly-authorized signatory of the Depositary or the Registrar, as the case may be, shall bind the Depositary, notwithstanding the fact that such signatory has ceased to be so authorized prior to the Delivery of such ADR by the Depositary. The ADRs shall bear a CUSIP number that is different from any CUSIP number that was, is or may be assigned to any depositary receipts previously or subsequently issued pursuant to any other arrangement between the Depositary (or any other depositary) and the Company and which are not ADRs outstanding hereunder.

(b) **Legends.** The ADRs may be endorsed with, or have incorporated in the text thereof, such legends or recitals not inconsistent with the provisions of the Deposit Agreement as may be (i) necessary to enable the Depositary and the Company to perform their respective obligations hereunder, (ii) required to comply with any applicable laws or regulations, or with the rules and regulations of any securities exchange or market upon which ADSs may be traded, listed or quoted, or to conform with any usage with respect thereto, (iii) necessary to indicate any special limitations or restrictions to which any particular ADRs or ADSs are subject by reason of the date of issuance of the Deposited Securities or otherwise, or (iv) required by any book-entry system in which the ADSs are held. Holders and Beneficial Owners shall be deemed, for all purposes, to have notice of, and to be bound by, the terms and conditions of the legends set forth, in the case of Holders, on the ADR registered in the name of the applicable Holders or, in the case of Beneficial Owners, on the ADR representing the ADSs owned by such Beneficial Owners.

(c) **Title.** Subject to the limitations contained herein and in the ADR, title to an ADR (and to each Certificated ADS evidenced thereby) shall be transferable upon the same terms as a certificated security under the laws of the State of New York, provided that, in the case of Certificated ADSs, such ADR has been properly endorsed or is accompanied by proper instruments of transfer. Notwithstanding any notice to the contrary, the Depositary and the Company may deem and treat the Holder of an ADS (that is, the person in whose name an ADS is registered on the books of the Depositary) as the absolute owner thereof for all purposes. Neither the Depositary nor the Company shall have any obligation nor be subject to any liability under the Deposit Agreement or any ADR to any holder or any Beneficial Owner unless, in the case of a holder of ADSs, such holder is the Holder registered on the books of the Depositary or, in the case of a Beneficial Owner, such Beneficial Owner, or the Beneficial Owner's representative, is the Holder registered on the books of the Depositary.

(d) **Book-Entry Systems.** The Depositary shall make arrangements for the acceptance of the ADSs into DTC. All ADSs held through DTC will be registered in the name of the nominee for DTC (currently "Cede & Co."). As such, the nominee for DTC will be the only "Holder" of all ADSs held through DTC. Unless issued by the Depositary as Uncertificated ADSs, the ADSs registered in the name of Cede & Co. will be evidenced by one or more ADR(s) in the form of a "Balance Certificate," which will provide that it represents the aggregate number of ADSs from time to time indicated in the records of the Depositary as being issued hereunder and that the aggregate number of ADSs represented thereby may from time to time be increased or decreased by making adjustments on such records of the Depositary and of DTC or its nominee as hereinafter provided. Citibank, N.A. (or such other entity as is appointed by DTC or its nominee) may hold the "Balance Certificate" as custodian for DTC. Each Beneficial Owner of ADSs held through DTC must rely upon the procedures of DTC and the DTC Participants to exercise or be entitled to any rights attributable to such ADSs. The DTC Participants shall for all purposes be deemed to have all requisite power and authority to act on behalf of the Beneficial Owners of the ADSs held in the DTC Participants' respective accounts in DTC and the Depositary shall for all purposes be authorized to rely upon any instructions and information given to it by DTC Participants. So long as ADSs are held through DTC or unless otherwise required by law, ownership of beneficial interests in the ADSs registered in the name of the nominee for DTC will be shown on, and transfers of such ownership will be effected only through, records maintained by (i) DTC or its nominee (with respect to the interests of DTC Participants), or (ii) DTC Participants or their nominees (with respect to the interests of clients of DTC Participants). Any distributions made, and any notices given, by the Depositary to DTC under the terms of the Deposit Agreement shall (unless otherwise specified by the Depositary) satisfy the Depositary's obligations under the Deposit Agreement to make such distributions, and give such notices, in respect of the ADSs held in DTC (including, for avoidance of doubt, to the DTC Participants holding the ADSs in their DTC accounts and to the Beneficial Owners of such ADSs).

Section 2.3 Deposit of Shares. Subject to the terms and conditions of the Deposit Agreement and applicable law, Shares or evidence of rights to receive Shares (other than Restricted Securities) may be deposited by any person (including the Depositary in its individual capacity but subject, however, in the case of the Company or any Affiliate of the Company, to Section 5.7) at any time, whether or not the transfer books of the Company or the Share Registrar, if any, are closed, by Delivery of the Shares to the Custodian. Every deposit of Shares shall be accompanied by the following: (A) (i) *in the case of Shares represented by certificates issued in registered form*, appropriate instruments of transfer or endorsement, in a form satisfactory to the Custodian, (ii) *in the case of Shares represented by certificates in bearer form*, the requisite coupons and talons pertaining thereto, and (iii) *in the case of Shares delivered by book-entry transfer and recordation*, confirmation of such book-entry transfer and recordation in the books of the Share Registrar or of the applicable book-entry settlement system, if available, as applicable, to the Custodian or that irrevocable instructions have been given to cause such Shares to be so transferred and recorded, (B) such certifications and payments (including, without limitation, the Depositary's fees and related charges) and evidence of such payments (including, without limitation, stamping or otherwise marking such Shares by way of receipt) as may be required by the Depositary or the Custodian in accordance with the provisions of the Deposit Agreement and applicable law, (C) if the Depositary so requires, a written order directing the Depositary to issue and deliver to, or upon the written order of, the person(s) stated in such order the number of ADSs representing the Shares so deposited, (D) evidence reasonably satisfactory to the Depositary (which may be an opinion of counsel) that all necessary approvals have been granted by, or there has been compliance with the rules and regulations of, any applicable governmental agency in the Cayman Islands, and (E) if the Depositary so requires, (i) an agreement, assignment or instrument satisfactory to the Depositary or the Custodian which provides for the prompt transfer by any person in whose name the Shares are or have been recorded to the Custodian of any distribution, or right to subscribe for additional Shares or to receive other property in respect of any such deposited Shares or, in lieu thereof, such indemnity or other agreement as shall be reasonably satisfactory to the Depositary or the Custodian and (ii) if the Shares are registered in the name of the person on whose behalf they are presented for deposit, a proxy or proxies entitling the Custodian to exercise voting rights in respect of the Shares for any and all purposes until the Shares so deposited are registered in the name of the Depositary, the Custodian or any nominee.

Without limiting any other provision of the Deposit Agreement, the Depositary shall instruct the Custodian not to, and the Depositary shall not knowingly, accept for deposit (a) any Restricted Securities (except as contemplated by Section 2.14) nor (b) any fractional Shares or fractional Deposited Securities nor (c) a number of Shares or Deposited Securities which upon application of the ADS to Shares ratio would give rise to fractional ADSs. No Shares shall be accepted for deposit unless accompanied by evidence, if any is required by the Depositary, that is reasonably satisfactory to the Depositary or the Custodian that all conditions to such deposit have been satisfied by the person depositing such Shares under the laws and regulations of the Cayman Islands and any necessary approval has been granted by any applicable governmental body in the Cayman Islands, if any. The Depositary may issue ADSs against evidence of rights to receive Shares from the Company, any agent of the Company or any custodian, registrar, transfer agent, clearing agency or other entity involved in ownership or transaction records in respect of the Shares. Such evidence of rights shall consist of written blanket or specific guarantees of ownership of Shares furnished by the Company or any such custodian, registrar, transfer agent, clearing agency or other entity involved in ownership or transaction records in respect of the Shares.

Without limitation of the foregoing, the Depositary shall not knowingly accept for deposit under the Deposit Agreement (A) any Shares or other securities required to be registered under the provisions of the Securities Act, unless (i) a registration statement is in effect as to such Shares or other securities or (ii) the deposit is made upon terms contemplated in Section 2.14, or (B) any Shares or other securities the deposit of which would violate any provisions of the Articles of Association. For purposes of the foregoing sentence, the Depositary shall be entitled to rely upon representations and warranties made or deemed made pursuant to the Deposit Agreement and shall not be required to make any further investigation. The Depositary will comply with written instructions of the Company (received by the Depositary reasonably in advance) 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 securities laws of the United States.

Section 2.4 Registration and Safekeeping of Deposited Securities. The Depositary shall instruct the Custodian upon each Delivery of registered Shares being deposited hereunder with the Custodian (or other Deposited Securities pursuant to Article IV hereof), together with the other documents above specified, to present such Shares, together with the appropriate instrument(s) of transfer or endorsement, duly stamped (if applicable), to the Share Registrar for transfer and registration of the Shares (as soon as transfer and registration can be accomplished and at the expense of the person for whom the deposit is made) in the name of the Depositary, the Custodian or a nominee of either. Deposited Securities shall be held by the Depositary, or by a Custodian for the account and to the order of the Depositary or a nominee of the Depositary, in each case, on behalf of the Holders and Beneficial Owners, at such place(s) as the Depositary or the Custodian shall determine. Notwithstanding anything else contained in the Deposit Agreement, any ADR(s), or any other instruments or agreements relating to the ADSs and the corresponding Deposited Property, the registration of the Deposited Securities in the name of the Depositary, the Custodian or any of their respective nominees, shall, to the maximum extent permitted by applicable law, vest in the Depositary, the Custodian or the applicable nominee the record ownership in the applicable Deposited Securities with the beneficial ownership rights and interests in such Deposited Securities being at all times vested with the Beneficial Owners of the ADSs representing the Deposited Securities. Notwithstanding the foregoing, the Depositary, the Custodian and the applicable nominee shall at all times be entitled to exercise the beneficial ownership rights in all Deposited Property, in each case only on behalf of the Holders and Beneficial Owners of the ADSs representing the Deposited Property, upon the terms set forth in the Deposit Agreement and, if applicable, the ADR(s) representing the ADSs. The Depositary, the Custodian and their respective nominees shall for all purposes be deemed to have all requisite power and authority to act in respect of Deposited Property on behalf of the Holders and Beneficial Owners of ADSs representing the Deposited Property, and upon making payments to, or acting upon instructions from, or information provided by, the Depositary, the Custodian or their respective nominees all persons shall be authorized to rely upon such power and authority.

Section 2.5 Issuance of ADSs. The Depositary has made arrangements with the Custodian for the Custodian to confirm to the Depositary upon receipt of a deposit of Shares (i) that a deposit of Shares has been made pursuant to Section 2.3, (ii) that such Deposited Securities have been recorded in the name of the Depositary, the Custodian or a nominee of either on the shareholders' register maintained by or on behalf of the Company by the Share Registrar on the books of the applicable book-entry settlement system, if applicable (iii) that all required documents have been received, and (iv) the person(s) to whom or upon whose order ADSs are deliverable in respect thereof and the number of ADSs to be so delivered. Such notification may be made by letter, cable, telex, SWIFT message or, at the risk and expense of the person making the deposit, by facsimile or other means of electronic transmission. Upon receiving such notice from the Custodian, the Depositary, subject to the terms and conditions of the Deposit Agreement and applicable law, shall issue the ADSs representing the Shares so deposited to or upon the order of the person(s) named in the notice delivered to the Depositary and, if applicable, shall execute and deliver at its Principal Office Receipt(s) registered in the name(s) requested by such person(s) and evidencing the aggregate number of ADSs to which such person(s) are entitled, but, in each case, only upon payment to the Depositary of the charges of the Depositary for accepting a deposit of Shares and issuing ADSs (as set forth in Section 5.9 and Exhibit B hereto) and all taxes and governmental charges and fees payable in connection with such deposit and the transfer of the Shares and the issuance of the ADS(s). The Depositary shall only issue ADSs in whole numbers and deliver, if applicable, ADR(s) evidencing whole numbers of ADSs.

Section 2.6 Transfer, Combination and Split-up of ADRs.

(a) **Transfer.** The Registrar shall register the transfer of ADRs (and of the ADSs represented thereby) on the books maintained for such purpose and the Depositary shall (x) cancel such ADRs and execute new ADRs evidencing the same aggregate number of ADSs as those evidenced by the ADRs canceled by the Depositary, (y) cause the Registrar to countersign such new ADRs and (z) Deliver such new ADRs to or upon the order of the person entitled thereto, if each of the following conditions has been satisfied: (i) the ADRs have been duly Delivered by the Holder (or by a duly authorized attorney of the Holder) to the Depositary at its Principal Office for the purpose of effecting a transfer thereof, (ii) the surrendered ADRs have been properly endorsed or are accompanied by proper instruments of transfer (including signature guarantees in accordance with standard securities industry practice), (iii) the surrendered ADRs have been duly stamped (if required by the laws of the State of New York or of the United States), and (iv) all applicable fees and charges of, and expenses incurred by, the Depositary and all applicable taxes and governmental charges (as are set forth in Section 5.9 and Exhibit B hereto) have been paid, *subject, however, in each case*, to the terms and conditions of the applicable ADRs, of the Deposit Agreement and of applicable law, in each case as in effect at the time thereof.

(b) **Combination & Split-Up.** The Registrar shall register the split-up or combination of ADRs (and of the ADSs represented thereby) on the books maintained for such purpose and the Depositary shall (x) cancel such ADRs and execute new ADRs for the number of ADSs requested, but in the aggregate not exceeding the number of ADSs evidenced by the ADRs canceled by the Depositary, (y) cause the Registrar to countersign such new ADRs and (z) Deliver such new ADRs to or upon the order of the Holder thereof, if each of the following conditions has been satisfied: (i) the ADRs have been duly Delivered by the Holder (or by a duly authorized attorney of the Holder) to the Depositary at its Principal Office for the purpose of effecting a split-up or combination thereof, and (ii) all applicable fees and charges of, and expenses incurred by, the Depositary and all applicable taxes and governmental charges (as are set forth in Section 5.9 and Exhibit B hereto) have been paid, *subject, however, in each case*, to the terms and conditions of the applicable ADRs, of the Deposit Agreement and of applicable law, in each case as in effect at the time thereof.

Section 2.7 Surrender of ADSs and Withdrawal of Deposited Securities. The Holder of ADSs shall be entitled to Delivery (at the Custodian's designated office) of the Deposited Securities at the time represented by the ADSs upon satisfaction of each of the following conditions: (i) the Holder (or a duly-authorized attorney of the Holder) has duly Delivered ADSs to the Depositary at its Principal Office (and if applicable, the ADRs evidencing such ADSs) for the purpose of withdrawal of the Deposited Securities represented thereby, (ii) if applicable and so required by the Depositary, the ADRs Delivered to the Depositary for such purpose have been properly endorsed in blank or are accompanied by proper instruments of transfer in blank (including signature guarantees in accordance with standard securities industry practice), (iii) if so required by the Depositary, the Holder of the ADSs has executed and delivered to the Depositary a written order directing the Depositary to cause the Deposited Securities being withdrawn to be Delivered to or upon the written order of the person(s) designated in such order, and (iv) all applicable fees and charges of, and expenses incurred by, the Depositary and all applicable taxes and governmental charges (as are set forth in Section 5.9 and Exhibit B) have been paid, *subject, however, in each case*, to the terms and conditions of the ADRs evidencing the surrendered ADSs, of the Deposit Agreement, of the Articles of Association and of any applicable laws and the rules of the applicable book-entry settlement system, if available, and to any provisions of or governing the Deposited Securities , in each case as in effect at the time thereof.

Upon satisfaction of each of the conditions specified above, the Depositary (i) shall cancel the ADSs Delivered to it (and, if applicable, the ADR(s) evidencing the ADSs so Delivered), (ii) shall direct the Registrar to record the cancellation of the ADSs so Delivered on the books maintained for such purpose, and (iii) shall direct the Custodian to Deliver, or cause the Delivery of, in each case, without unreasonable delay, the Deposited Securities represented by the ADSs so canceled together with any certificate or other document of title for the Deposited Securities, or evidence of the electronic transfer thereof (if available), as the case may be, to or upon the written order of the person(s) designated in the order delivered to the Depositary for such purpose, *subject however, in each case,* to the terms and conditions of the Deposit Agreement, of the ADRs evidencing the ADSs so canceled, of the Articles of Association, of any applicable laws and of the rules of the applicable book-entry settlement system, if available, and to the terms and conditions of or governing the Deposited Securities, in each case as in effect at the time thereof.

The Depositary shall not accept for surrender ADSs representing less than one (1) Share. In the case of Delivery to it of ADSs representing a number other than a whole number of Shares, the Depositary shall cause ownership of the appropriate whole number of Shares to be Delivered in accordance with the terms hereof, and shall, at the discretion of the Depositary, either (i) return to the person surrendering such ADSs the number of ADSs representing any remaining fractional Share, or (ii) sell or cause to be sold the fractional Share represented by the ADSs so surrendered and remit the proceeds of such sale (net of (a) applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes withheld) to the person surrendering the ADSs.

Notwithstanding anything else contained in any ADR or the Deposit Agreement, the Depositary may make delivery at the Principal Office of the Depositary of Deposited Property consisting of (i) any cash dividends or cash distributions, or (ii) any proceeds from the sale of any non-cash distributions, which are at the time held by the Depositary in respect of the Deposited Securities represented by the ADSs surrendered for cancellation and withdrawal. At the request, risk and expense of any Holder so surrendering ADSs, and for the account of such Holder, the Depositary shall direct the Custodian to forward (to the extent permitted by law) any Deposited Property (other than Deposited Securities) held by the Custodian in respect of such ADSs to the Depositary for delivery at the Principal Office of the Depositary. Such direction shall be given by letter or, at the request, risk and expense of such Holder, by cable, telex or facsimile transmission.

Section 2.8 Limitations on Execution and Delivery, Transfer, etc. of ADSs; Suspension of Delivery, Transfer, etc.

(a) **Additional Requirements.** As a condition precedent to the execution and Delivery, the registration of issuance, transfer, split-up, combination or surrender, of any ADS, the delivery of any distribution thereon, or the withdrawal of any Deposited Property, the Depositary or the Custodian may require (i) payment from the depositor of Shares or presenter of ADSs or of an ADR of a sum sufficient to reimburse it for any tax or other governmental charge and any stock transfer or registration fee with respect thereto (including any such tax or charge and fee with respect to Shares being deposited or withdrawn) and payment of any applicable fees and charges of the Depositary as provided in Section 5.9 and Exhibit B, (ii) the production of proof satisfactory to it as to the identity and genuineness of any signature or any other matter contemplated by Section 3.1, and (iii) compliance with (A) any laws or governmental regulations relating to the execution and Delivery of ADRs or ADSs or to the withdrawal of Deposited Securities and (B) such reasonable regulations as the Depositary and the Company may establish consistent with the provisions of the representative ADR, if applicable, the Deposit Agreement and applicable law.

(b) **Additional Limitations.** The issuance of ADSs against deposits of Shares generally or against deposits of particular Shares may be suspended, or the deposit of particular Shares may be refused, or the registration of transfer of ADSs in particular instances may be refused, or the registration of transfers of ADSs generally may be suspended, during any period when the transfer books of the Company, the Depositary, a Registrar or the Share Registrar are closed or if any such action is deemed necessary or advisable by the Depositary or the Company, in good faith, at any time or from time to time because of any requirement of law or regulation, any government or governmental body or commission or any securities exchange on which the ADSs or Shares are listed, or under any provision of the Deposit Agreement or the representative ADR(s), if applicable, or under any provision of, or governing, the Deposited Securities, or because of a meeting of shareholders of the Company or for any other reason, subject, in all cases, to Section 7.8(a).

(c) **Regulatory Restrictions.** Notwithstanding any provision of the Deposit Agreement or any ADR(s) to the contrary, Holders are entitled to surrender outstanding ADSs to withdraw the Deposited Securities associated herewith at any time subject only to (i) temporary delays caused by closing the transfer books of the Depositary or the Company 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, (iii) compliance with any U.S. or foreign laws or governmental regulations relating to the ADSs or to the withdrawal of the Deposited Securities, and (iv) other circumstances specifically contemplated by Instruction I.A.(l) of the General Instructions to Form F-6 (as such General Instructions may be amended from time to time).

Section 2.9 Lost ADRs, etc. In case any ADR shall be mutilated, destroyed, lost, or stolen, the Depositary shall execute and deliver a new ADR of like tenor at the expense of the Holder (a) *in the case of a mutilated ADR*, in exchange of and substitution for such mutilated ADR upon cancellation thereof, or (b) *in the case of a destroyed, lost or stolen ADR*, in lieu of and in substitution for such destroyed, lost, or stolen ADR, after the Holder thereof (i) has submitted to the Depositary a written request for such exchange and substitution before the Depositary has notice that the ADR has been acquired by a bona fide purchaser, (ii) has provided such security or indemnity (including an indemnity bond) as may be required by the Depositary to save it and any of its agents harmless, and (iii) has satisfied any other reasonable requirements imposed by the Depositary, including, without limitation, evidence reasonably satisfactory to the Depositary of such destruction, loss or theft of such ADR, the authenticity thereof and the Holder's ownership thereof.

Section 2.10 Cancellation and Destruction of Surrendered ADRs; Maintenance of Records. All ADRs surrendered to the Depositary shall be canceled by the Depositary. Canceled ADRs shall not be entitled to any benefits under the Deposit Agreement or be valid or enforceable against the Depositary for any purpose. The Depositary is authorized to destroy ADRs so canceled, provided the Depositary maintains a record of all destroyed ADRs. Any ADSs held in book-entry form (*e.g.*, through accounts at DTC) shall be deemed canceled when the Depositary causes the number of ADSs evidenced by the Balance Certificate to be reduced by the number of ADSs surrendered (without the need to physically destroy the Balance Certificate).

Section 2.11 Escheatment. In the event any unclaimed property relating to the ADSs, for any reason, is in the possession of Depositary and has not been claimed by the Holder thereof or cannot be delivered to the Holder thereof through usual channels, the Depositary shall, upon expiration of any applicable statutory period relating to abandoned property laws, escheat such unclaimed property to the relevant authorities in accordance with the laws of each of the relevant States of the United States.

Section 2.12 Partial Entitlement ADSs. In the event any Shares are deposited which (i) entitle the holders thereof to receive a per-share distribution or other entitlement in an amount different from the Shares then on deposit or (ii) are not fully fungible (including, without limitation, as to settlement or trading) with the Shares then on deposit (the Shares then on deposit collectively, "Full Entitlement Shares" and the Shares with different entitlement, "Partial Entitlement Shares"), the Depositary shall (i) cause the Custodian to hold Partial Entitlement Shares separate and distinct from Full Entitlement Shares, and (ii) subject to the terms of the Deposit Agreement, issue ADSs representing Partial Entitlement Shares which are separate and distinct from the ADSs representing Full Entitlement Shares, by means of separate CUSIP numbering and legending (if necessary) and, if applicable, by issuing ADRs evidencing such ADSs with applicable notations thereon ("Partial Entitlement ADSs/ADRs" and "Full Entitlement ADSs/ADRs", respectively). If and when Partial Entitlement Shares become Full Entitlement Shares, the Depositary shall (a) give notice thereof to Holders of Partial Entitlement ADSs and give Holders of Partial Entitlement ADRs the opportunity to exchange such Partial Entitlement ADRs for Full Entitlement ADRs, (b) cause the Custodian to transfer the Partial Entitlement Shares into the account of the Full Entitlement Shares, and (c) take such actions as are necessary to remove the distinctions between (i) the Partial Entitlement ADRs and ADSs, on the one hand, and (ii) the Full Entitlement ADRs and ADSs on the other. Holders and Beneficial Owners of Partial Entitlement ADSs shall only be entitled to the entitlements of Partial Entitlement Shares. Holders and Beneficial Owners of Full Entitlement ADSs shall be entitled only to the entitlements of Full Entitlement Shares. All provisions and conditions of the Deposit Agreement shall apply to Partial Entitlement ADRs and ADSs to the same extent as Full Entitlement ADRs and ADSs, except as contemplated by this Section 2.12. The Depositary is authorized to take any and all other actions as may be necessary (including, without limitation, making the necessary notations on ADRs) to give effect to the terms of this Section 2.12. The Company agrees to give timely written notice to the Depositary if any Shares issued or to be issued are Partial Entitlement Shares and shall assist the Depositary with the establishment of procedures enabling the identification of Partial Entitlement Shares upon Delivery to the Custodian.

Section 2.13 Certificated/Uncertificated ADSs. Notwithstanding any other provision of the Deposit Agreement, the Depositary may, at any time and from time to time, issue ADSs that are not evidenced by ADRs (such ADSs, the "Uncertificated ADS(s)" and the ADS(s) evidenced by ADR(s), the "Certificated ADS(s)"). When issuing and maintaining Uncertificated ADS(s) under the Deposit Agreement, the Depositary shall at all times be subject to (i) the standards applicable to registrars and transfer agents maintaining direct registration systems for equity securities in New York and issuing uncertificated securities under New York law, and (ii) the terms of New York law applicable to uncertificated equity securities. Uncertificated ADSs shall not be represented by any instruments but shall be evidenced by registration in the books of the Depositary maintained for such purpose. Holders of Uncertificated ADSs, that are not subject to any registered pledges, liens, restrictions or adverse claims of which the Depositary has notice at such time, shall at all times have the right to exchange the Uncertificated ADS(s) for Certificated ADS(s) of the same type and class, subject in each case to (x) applicable laws and any rules and regulations the Depositary may have established in respect of the Uncertificated ADSs, and (y) the continued availability of Certificated ADSs in the U.S. Holders of Certificated ADSs shall, if the Depositary maintains a direct registration system for the ADSs, have the right to exchange the Certificated ADSs for Uncertificated ADSs upon (i) the due surrender of the Certificated ADS(s) to the Depositary for such purpose and (ii) the presentation of a written request to that effect to the Depositary, subject in each case to (a) all liens and restrictions noted on the ADR evidencing the Certificated ADS(s) and all adverse claims of which the Depositary then has notice, (b) the terms of the Deposit Agreement and the rules and regulations that the Depositary may establish for such purposes hereunder, (c) applicable law, and (d) payment of the Depositary fees and expenses applicable to such exchange of Certificated ADS(s) for Uncertificated ADS(s). Uncertificated ADSs shall in all material respects be identical to Certificated ADS(s) of the same type and class, except that (i) no ADR(s) shall be, or shall need to be, issued to evidence Uncertificated ADS(s), (ii) Uncertificated ADS(s) shall, subject to the terms of the Deposit Agreement, be transferable upon the same terms and conditions as uncertificated securities under New York law, (iii) the ownership of Uncertificated ADS(s) shall be recorded on the books of the Depositary maintained for such purpose and evidence of such ownership shall be reflected in periodic statements provided by the Depositary to the Holder(s) in accordance with applicable New York law, (iv) the Depositary may from time to time, upon notice to the Holders of Uncertificated ADSs affected thereby, establish rules and regulations, and amend or supplement existing rules and regulations, as may be deemed reasonably necessary to maintain Uncertificated ADS(s) on behalf of Holders, provided that (a) such rules and regulations do not conflict with the terms of the Deposit Agreement and applicable law, and (b) the terms of such rules and regulations are readily available to Holders upon request, (v) the Uncertificated ADS(s) shall not be entitled to any benefits under the Deposit Agreement or be valid or enforceable for any purpose against the Depositary or the Company unless such Uncertificated ADS(s) is/are registered on the books of the Depositary maintained for such purpose, (vi) the Depositary may, in connection with any deposit of Shares resulting in the issuance of Uncertificated ADSs and with any transfer, pledge, release and cancellation of Uncertificated ADSs, require the prior receipt of such documentation as the Depositary may deem reasonably appropriate, and (vii) upon termination of the Deposit Agreement, the Depositary shall not require Holders of Uncertificated ADSs to affirmatively instruct the Depositary before remitting proceeds from the sale of the Deposited Property represented by such Holders' Uncertificated ADSs under the terms of Section 6.2. When issuing ADSs under the terms of the Deposit Agreement, including, without limitation, issuances pursuant to Sections 2.5, 4.2, 4.3, 4.4, 4.5 and 4.11, the Depositary may in its discretion determine to issue Uncertificated ADSs rather than Certificated ADSs, unless otherwise specifically instructed by the applicable Holder to issue Certificated ADSs. All provisions and conditions of the Deposit Agreement shall apply to Uncertificated ADSs to the same extent as to Certificated ADSs, except as contemplated by this Section 2.13. The Depositary is authorized and directed to take any and all actions and establish any and all procedures deemed reasonably necessary to give effect to the terms of this Section 2.13. Any references in the Deposit Agreement or any ADR(s) to the terms "American Depositary Share(s)" or "ADS(s)" shall, unless the context otherwise requires, include Certificated ADS(s) and Uncertificated ADS(s). Except as set forth in this Section 2.13 and except as required by applicable law, the Uncertificated ADSs shall be treated as ADSs issued and outstanding under the terms of the Deposit Agreement. In the event that, in determining the rights and obligations of parties hereto with respect to any Uncertificated ADSs, any conflict arises between (a) the terms of the Deposit Agreement (other than this Section 2.13) and (b) the terms of this Section 2.13, the terms and conditions set forth in this Section 2.13 shall be controlling and shall govern the rights and obligations of the parties to the Deposit Agreement pertaining to the Uncertificated ADSs.

Section 2.14 Restricted ADSs. The Depositary shall, at the request and expense of the Company, establish procedures enabling the deposit hereunder of Shares that are Restricted Securities in order to enable the holder of such Shares to hold its ownership interests in such Restricted Securities in the form of ADSs issued under the terms hereof (such Shares, "Restricted Shares"). Upon receipt of a written request from the Company to accept Restricted Shares for deposit hereunder, the Depositary agrees to establish procedures permitting the deposit of such Restricted Shares and the issuance of ADSs representing the right to receive, subject to the terms of the Deposit Agreement and the applicable ADR (if issued as a Certificated ADS), such deposited Restricted Shares (such ADSs, the "Restricted ADSs," and the ADRs evidencing such Restricted ADSs, the "Restricted ADRs"). Notwithstanding anything contained in this Section 2.14, the Depositary and the Company may, to the extent not prohibited by law, agree to issue the Restricted ADSs in uncertificated form ("Uncertificated Restricted ADSs") upon such terms and conditions as the Company and the Depositary may deem necessary and appropriate. The Company shall assist the Depositary in the establishment of such procedures and agrees that it shall take all steps necessary and reasonably satisfactory to the Depositary to ensure that the establishment of such procedures does not violate the provisions of the Securities Act or any other applicable laws. The depositors of such Restricted Shares and the Holders of the Restricted ADSs may be required prior to the deposit of such Restricted Shares, the transfer of the Restricted ADRs and Restricted ADSs or the withdrawal of the Restricted Shares represented by Restricted ADSs to provide such written certifications or agreements as the Depositary or the Company may require. The Company shall provide to the Depositary in writing the legend(s) to be affixed to the Restricted ADRs (if the Restricted ADSs are to be issued as Certificated ADSs**)**, or to be included in the statements issued from time to time to Holders of Uncertificated ADSs (if issued as Uncertificated Restricted ADSs), which legends shall (i) be in a form reasonably satisfactory to the Depositary and (ii) contain the specific circumstances under which the Restricted ADSs, and, if applicable, the Restricted ADRs evidencing the Restricted ADSs, may be transferred or the Restricted Shares withdrawn. The Restricted ADSs issued upon the deposit of Restricted Shares shall be separately identified on the books of the Depositary and the Restricted Shares so deposited shall, to the extent required by law, be held separate and distinct from the other Deposited Securities held hereunder. The Restricted ADSs shall not be eligible for inclusion in any book-entry settlement system, including, without limitation, DTC (unless (x) otherwise agreed by the Company and the Depositary, (y) the inclusion of Restricted ADSs is acceptable to the applicable clearing system, and (z) the terms of such inclusion are generally accepted by the Commission for Restricted Securities of that type), and shall not in any way be fungible with the ADSs issued under the terms hereof that are not Restricted ADSs. The Restricted ADSs, and, if applicable, the Restricted ADRs evidencing the Restricted ADSs, shall be transferable only by the Holder thereof upon delivery to the Depositary of (i) all documentation otherwise contemplated by the Deposit Agreement and (ii) an opinion of counsel reasonably satisfactory to the Depositary setting forth, *inter alia*, the conditions upon which the Restricted ADSs presented, and, if applicable, the Restricted ADRs evidencing the Restricted ADSs, are transferable by the Holder thereof under applicable securities laws and the transfer restrictions contained in the legend applicable to the Restricted ADSs presented for transfer. Except as set forth in this Section 2.14 and except as required by applicable law, the Restricted ADSs and the Restricted ADRs evidencing Restricted ADSs shall be treated as ADSs and ADRs issued and outstanding under the terms of the Deposit Agreement. In the event that, in determining the rights and obligations of parties hereto with respect to any Restricted ADSs, any conflict arises between (a) the terms of the Deposit Agreement (other than this Section 2.14) and (b) the terms of (i) this Section 2.14 or (ii) the applicable Restricted ADR, the terms and conditions set forth in this Section 2.14 and of the Restricted ADR shall be controlling and shall govern the rights and obligations of the parties to the Deposit Agreement pertaining to the deposited Restricted Shares, the Restricted ADSs and Restricted ADRs.

If the Restricted ADRs, the Restricted ADSs and the Restricted Shares cease to be Restricted Securities, the Depositary, upon receipt of (x) an opinion of counsel reasonably satisfactory to the Depositary setting forth, *inter alia*, that the Restricted ADRs, the Restricted ADSs and the Restricted Shares are not as of such time Restricted Securities, and (y) instructions from the Company to remove the restrictions applicable to the Restricted ADRs, the Restricted ADSs and the Restricted Shares, shall (i) eliminate the distinctions and separations that may have been established between the applicable Restricted Shares held on deposit under this Section 2.14 and the other Shares held on deposit under the terms of the Deposit Agreement that are not Restricted Shares, (ii) treat the newly unrestricted ADRs and ADSs on the same terms as, and fully fungible with, the other ADRs and ADSs issued and outstanding under the terms of the Deposit Agreement that are not Restricted ADRs or Restricted ADSs, and (iii) take all actions necessary to remove any distinctions, limitations and restrictions previously existing under this Section 2.14 between the applicable Restricted ADRs and Restricted ADSs, respectively, on the one hand, and the other ADRs and ADSs that are not Restricted ADRs or Restricted ADSs, respectively, on the other hand, including, without limitation, by making the newly-unrestricted ADSs eligible for inclusion in the applicable book-entry settlement systems.

ARTICLE III

CERTAIN OBLIGATIONS OF HOLDERS AND BENEFICIAL OWNERS OF ADSs

Section 3.1 **Proofs, Certificates and Other Information.** Any person presenting Shares for deposit, any Holder and any Beneficial Owner may be required, and every Holder and Beneficial Owner agrees, from time to time to provide to the Depositary and the Custodian such proof of citizenship or residence, taxpayer status, payment of all applicable taxes or other governmental charges, exchange control approval, legal or beneficial ownership of ADSs and Deposited Property, compliance with applicable laws, the terms of the Deposit Agreement or the ADR(s) evidencing the ADSs and the provisions of, or governing, the Deposited Property, to execute such certifications and to make such representations and warranties, and to provide such other information and documentation (or, in the case of Shares in registered form presented for deposit, such information relating to the registration on the books of the Company or of the Share Registrar) as the Depositary or the Custodian may deem necessary or proper or as the Company may reasonably require by written request to the Depositary consistent with its obligations under the Deposit Agreement and the applicable ADR(s). The Depositary and the Registrar, as applicable, may withhold the execution or delivery or registration of transfer of any ADR or ADS or the distribution or sale of any dividend or distribution of rights or of the proceeds thereof or, to the extent not limited by the terms of Section 7.8(a), the delivery of any Deposited Property until such proof or other information is filed or such certifications are executed, or such representations and warranties are made, or such other documentation or information provided, in each case to the Depositary's, the Registrar's and the Company's satisfaction. The Depositary shall provide the Company, in a timely manner, with copies or originals if necessary and appropriate of (i) any such proofs of citizenship or residence, taxpayer status, or exchange control approval or copies of written representations and warranties which it receives from Holders and Beneficial Owners, and (ii) any other information or documents which the Company may reasonably request and which the Depositary shall request and receive from any Holder or Beneficial Owner or any person presenting Shares for deposit or ADSs for cancellation, transfer or withdrawal. Nothing herein shall obligate the Depositary to (i) obtain any information for the Company if not provided by the Holders or Beneficial Owners, or (ii) verify or vouch for the accuracy of the information so provided by the Holders or Beneficial Owners.

Section 3.2 Liability for Taxes and Other Charges. Any tax or other governmental charge payable by the Custodian or by the Depositary with respect to any Deposited Property, ADSs or ADRs shall be payable by the Holders and Beneficial Owners to the Depositary. The Company, the Custodian and/or the Depositary may withhold or deduct from any distributions made in respect of Deposited Property held on behalf of such Holder and/or Beneficial Owner, and may sell for the account of a Holder and/or Beneficial Owner any or all of such Deposited Property and apply such distributions and sale proceeds in payment of, any taxes (including applicable interest and penalties) or charges that are or may be payable by Holders or Beneficial Owners in respect of the ADSs, Deposited Property and ADRs, the Holder and the Beneficial Owner remaining liable for any deficiency. The Custodian may refuse the deposit of Shares and the Depositary may refuse to issue ADSs, to deliver ADRs, register the transfer of ADSs, register the split-up or combination of ADRs and (subject to Section 7.8(a)) the withdrawal of Deposited Property until payment in full of such tax, charge, penalty or interest is received. Every Holder and Beneficial Owner agrees to indemnify the Depositary, the Company, the Custodian, and any of their agents, officers, employees and Affiliates for, and to hold each of them harmless from, any claims with respect to taxes (including applicable interest and penalties thereon) arising from (i) any ADSs held by such Holder and/or owned by such Beneficial Owner, (ii) the Deposited Property represented by the ADSs, and (iii) any transaction entered into by such Holder and/or Beneficial Owner in respect of the ADSs and/or the Deposited Property represented thereby. Notwithstanding anything to the contrary contained in the Deposit Agreement or any ADR, the obligations of Holders and Beneficial Owners under this Section 3.2 shall survive any transfer of ADSs, any cancellation of ADSs and withdrawal of Deposited Securities, and the termination of the Deposit Agreement.

Section 3.3 Representations and Warranties on Deposit of Shares. Each person depositing Shares under the Deposit Agreement shall be deemed thereby to represent and warrant that (i) such Shares and the certificates therefor are duly authorized, validly issued, fully paid, non-assessable and legally obtained by such person, (ii) all preemptive (and similar) 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, (v) the Shares presented for deposit are not, and the ADSs issuable upon such deposit will not be, Restricted Securities (except as contemplated in Section 2.14), and (vi) the Shares presented for deposit have not been stripped of any rights or entitlements. Such representations and warranties shall survive the deposit and withdrawal of Shares, the issuance and cancellation of ADSs in respect thereof and the transfer of such ADSs. If any such representations or warranties are false in any way, the Company and the Depositary shall be authorized, at the cost and expense of the person depositing Shares, to take any and all actions necessary to correct the consequences thereof.

Section 3.4 Compliance with Information Requests. Notwithstanding any other provision of the Deposit Agreement or any ADR(s), each Holder and Beneficial Owner agrees to comply with requests from the Company pursuant to applicable law, the rules and requirements of any stock exchange on which the Shares or ADSs are, or will be, registered, traded or listed or the Articles of Association, which are made to provide information, *inter alia*, as to the capacity in which such Holder or Beneficial Owner owns ADSs (and Shares as the case may be) and regarding the identity of any other person(s) interested in such ADSs and the nature of such interest and various other matters, whether or not they are Holders and/or Beneficial Owners at the time of such request. The Depositary agrees to use its reasonable efforts to forward, upon the request of the Company and at the Company's expense, any such request from the Company to the Holders and to forward to the Company any such responses to such requests received by the Depositary.

Section 3.5 Ownership Restrictions. Notwithstanding any other provision contained in the Deposit Agreement or any ADR(s) to the contrary, the Company may restrict transfers of the Shares where such transfer might result in ownership of Shares exceeding limits imposed by applicable law or the Articles of Association. The Company may also restrict, in such manner as it deems appropriate, transfers of the ADSs where such transfer may result in the total number of Shares represented by the ADSs owned by a single Holder or Beneficial Owner to exceed any such limits. The Company may, in its sole discretion but subject to applicable law, instruct the Depositary to take action with respect to the ownership interest of any Holder or Beneficial Owner in excess of the limits set forth in the preceding sentence, including, but not limited to, the imposition of restrictions on the transfer of ADSs, the removal or limitation of voting rights or mandatory sale or disposition on behalf of a Holder or Beneficial Owner of the Shares represented by the ADSs held by such Holder or Beneficial Owner in excess of such limitations, if and to the extent such disposition is permitted by applicable law and the Articles of Association. Nothing herein shall be interpreted as obligating the Depositary or the Company to ensure compliance with the ownership restrictions described in this Section 3.5.

Section 3.6 Reporting Obligations and Regulatory Approvals. Applicable laws and regulations may require holders and beneficial owners of Shares, including the Holders and Beneficial Owners of ADSs, to satisfy reporting requirements and obtain regulatory approvals in certain circumstances. Holders and Beneficial Owners of ADSs are solely responsible for determining and complying with such reporting requirements and obtaining such approvals. Each Holder and each Beneficial Owner hereby agrees to make such determination, file such reports, and obtain such approvals to the extent and in the form required by applicable laws and regulations as in effect from time to time. Neither the Depositary, the Custodian, the Company or any of their respective agents or affiliates shall be required to take any actions whatsoever on behalf of Holders or Beneficial Owners to determine or satisfy such reporting requirements or obtain such regulatory approvals under applicable laws and regulations.

ARTICLE IV

THE DEPOSITED SECURITIES

Section 4.1 Cash Distributions. Whenever the Company intends to make a distribution of a cash dividend or other cash distribution in respect of any Deposited Securities, the Company shall give notice thereof to the Depositary at least twenty (20) days (or such other number of days as the Depositary and the Company may agree to in writing from time to time) prior to the proposed distribution specifying, *inter alia*, the record date applicable for determining the holders of Deposited Securities entitled to receive such distribution. Upon the timely receipt of such notice, the Depositary shall establish the ADS Record Date upon the terms described in Section 4.9. Upon receipt of confirmation of the receipt of (x) any cash dividend or other cash distribution on any Deposited Securities, or (y) proceeds from the sale of any Deposited Property held in respect of the ADSs under the terms hereof, the Depositary will (i) if any amounts are received in a Foreign Currency, promptly convert or cause to be converted such cash dividend, distribution or proceeds into Dollars (subject to the terms and conditions of Section 4.8), (ii) if applicable and unless previously established, establish the ADS Record Date upon the terms described in Section 4.9, and (iii) distribute promptly the amount thus received (net of (a) the applicable fees and charges set forth in the Fee Schedule attached hereto as Exhibit B, and (b) applicable taxes withheld) to the Holders entitled thereto as of the ADS Record Date in proportion to the number of ADSs held as of the ADS Record Date. The Depositary shall distribute only such amount, however, as can be distributed without attributing to any Holder a fraction of one cent, and any balance not so distributed shall be held by the Depositary (without liability for interest thereon) and shall be added to and become part of the next sum received by the Depositary for distribution to Holders of ADSs outstanding at the time of the next distribution. If the Company, the Custodian or the Depositary is required to withhold and does withhold from any cash dividend or other cash distribution in respect of any Deposited Securities, or from any cash proceeds from the sales of Deposited Property, an amount on account of taxes, duties or other governmental charges, the amount distributed to Holders on the ADSs shall be reduced accordingly. Such withheld amounts shall be forwarded by the Company, the Custodian or the Depositary to the relevant governmental authority. Evidence of payment thereof by the Company shall be forwarded by the Company to the Depositary upon request. The Depositary will hold any cash amounts it is unable to distribute in a non-interest bearing account for the benefit of the applicable Holders and Beneficial Owners of ADSs until the distribution can be effected or the funds that the Depositary holds must be escheated as unclaimed property in accordance with the laws of the relevant states of the United States. Notwithstanding anything contained in the Deposit Agreement to the contrary, in the event the Company fails to give the Depositary timely notice of the proposed distribution provided for in this Section 4.1, the Depositary agrees to use commercially reasonable efforts to perform the actions contemplated in this Section 4.1, and the Company, the Holders and the Beneficial Owners acknowledge that the Depositary shall have no liability for the Depositary's failure to perform the actions contemplated in this Section 4.1 where such notice has not been so timely given, other than its failure to use commercially reasonable efforts, as provided herein.

Section 4.2 Distribution in Shares. Whenever the Company intends to make a distribution that consists of a dividend in, or free distribution of, Shares, the Company shall give notice thereof to the Depositary at least twenty (20) days (or such other number of days as the Depositary and the Company may agree to in writing from time to time) prior to the proposed distribution, specifying, *inter alia*, the record date applicable to holders of Deposited Securities entitled to receive such distribution. Upon the timely receipt of such notice from the Company, the Depositary shall establish the ADS Record Date upon the terms described in Section 4.9. Upon receipt of confirmation from the Custodian of the receipt of the Shares so distributed by the Company, the Depositary shall either (i) subject to Section 5.9, distribute to the Holders as of the ADS Record Date in proportion to the number of ADSs held as of the ADS Record Date, additional ADSs, which represent in the aggregate the number of Shares received as such dividend, or free distribution, subject to the other terms of the Deposit Agreement (including, without limitation, (a) the applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes), or (ii) if additional ADSs are not so distributed, take all actions necessary so that each ADS issued and outstanding after the ADS Record Date shall, to the extent permissible by law, thenceforth also represent rights and interests in the additional integral number of Shares distributed upon the Deposited Securities represented thereby (net of (a) the applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes). In lieu of delivering fractional ADSs, the Depositary shall sell the number of Shares or ADSs, as the case may be, represented by the aggregate of such fractions and distribute the net proceeds upon the terms described in Section 4.1. In the event that the Depositary determines that any distribution in property (including Shares) is subject to any tax or other governmental charges which the Depositary is obligated to withhold, or, if the Company in the fulfillment of its obligation under Section 5.7, has furnished an opinion of U.S. counsel determining that Shares must be registered under the Securities Act or other laws in order to be distributed to Holders (and no such registration statement has been declared effective), the Depositary may dispose of all or a portion of such property (including Shares and rights to subscribe therefor) in such amounts and in such manner, including by public or private sale, as the Depositary deems necessary and practicable, and the Depositary shall distribute the net proceeds of any such sale (after deduction of (a) taxes and (b) fees and charges of, and expenses incurred by, the Depositary) to Holders entitled thereto upon the terms described in Section 4.1. The Depositary shall hold and/or distribute any unsold balance of such property in accordance with the provisions of the Deposit Agreement. Notwithstanding anything contained in the Deposit Agreement to the contrary, in the event the Company fails to give the Depositary timely notice of the proposed distribution provided for in this Section 4.2, the Depositary agrees to use commercially reasonable efforts to perform the actions contemplated in this Section 4.2, and the Company, the Holders and the Beneficial Owners acknowledge that the Depositary shall have no liability for the Depositary's failure to perform the actions contemplated in this Section 4.2 where such notice has not been so timely given, other than its failure to use commercially reasonable efforts, as provided herein.

Section 4.3 Elective Distributions in Cash or Shares. Whenever the Company intends to make a distribution payable at the election of the holders of Deposited Securities in cash or in additional Shares, the Company shall give notice thereof to the Depositary at least forty-five (45) days prior to the proposed distribution specifying, *inter alia*, the record date applicable to holders of Deposited Securities entitled to receive such elective distribution and whether or not it wishes such elective distribution to be made available to Holders of ADSs. Upon the timely receipt of a notice indicating that the Company wishes such elective distribution to be made available to Holders of ADSs, the Depositary shall consult with the Company to determine, and the Company shall assist the Depositary in its determination, whether it is lawful and reasonably practicable to make such elective distribution available to the Holders of ADSs. The Depositary shall make such elective distribution available to Holders only if (i) the Company shall have timely requested that the elective distribution be made available to Holders, (ii) the Depositary shall have determined that such distribution is reasonably practicable and (iii) the Depositary shall have received reasonably satisfactory documentation within the terms of Section 5.7. If the above conditions are not satisfied or if the Company requests such elective distribution not to be made available to Holders of ADSs, the Depositary shall establish the ADS Record Date on the terms described in Section 4.9 and, to the extent permitted by law, distribute to the Holders, on the basis of the same determination as is made in the Cayman Islands in respect of the Shares for which no election is made, either (X) cash upon the terms described in Section 4.1 or (Y) additional ADSs representing such additional Shares upon the terms described in Section 4.2. If the above conditions are satisfied, the Depositary shall establish an ADS Record Date on the terms described in Section 4.9 and establish procedures to enable Holders to elect the receipt of the proposed distribution in cash or in additional ADSs. The Company shall assist the Depositary in establishing such procedures to the extent necessary. If a Holder elects to receive the proposed distribution (X) in cash, the distribution shall be made upon the terms described in Section 4.1, or (Y) in ADSs, the distribution shall be made upon the terms described in Section 4.2. Nothing herein shall obligate the Depositary to make available to Holders a method to receive the elective distribution in Shares (rather than ADSs). There can be no assurance that Holders generally, or any Holder in particular, will be given the opportunity to receive elective distributions on the same terms and conditions as the holders of Shares. Notwithstanding anything contained in the Deposit Agreement to the contrary, in the event the Company fails to give the Depositary timely notice of the proposed distribution provided for in this Section 4.3, the Depositary agrees to use commercially reasonable efforts to perform the actions contemplated in this Section 4.3, and the Company, the Holders and the Beneficial Owners acknowledge that the Depositary shall have no liability for the Depositary's failure to perform the actions contemplated in this Section 4.3 where such notice has not been so timely given, other than its failure to use commercially reasonable efforts, as provided herein.

Section 4.4 Distribution of Rights to Purchase Additional ADSs.

(a) **Distribution to ADS Holders.** Whenever the Company intends to distribute to the holders of the Deposited Securities rights to subscribe for additional Shares, the Company shall give notice thereof to the Depositary at least sixty (60) days (or such other number of days as the Depositary and the Company may agree to in writing from time to time) prior to the proposed distribution specifying, *inter alia*, the record date applicable to holders of Deposited Securities entitled to receive such distribution and whether or not it wishes such rights to be made available to Holders of ADSs. Upon the timely receipt of a notice indicating that the Company wishes such rights to be made available to Holders of ADSs, the Depositary shall consult with the Company to determine, and the Company shall assist the Depositary in its determination, whether it is lawful and reasonably practicable to make such rights available to the Holders. The Depositary shall make such rights available to Holders only if (i) the Company shall have timely requested that such rights be made available to Holders, (ii) the Depositary shall have received reasonably satisfactory documentation within the terms of Section 5.7, and (iii) the Depositary shall have determined that such distribution of rights is reasonably practicable. In the event any of the conditions set forth above are not satisfied or if the Company requests that the rights not be made available to Holders of ADSs, the Depositary shall proceed with the sale of the rights as contemplated in Section 4.4(b) below. In the event all conditions set forth above are satisfied, the Depositary shall establish the ADS Record Date (upon the terms described in Section 4.9) and establish procedures to (x) distribute rights to purchase additional ADSs (by means of warrants or otherwise), (y) enable the Holders to exercise such rights (upon payment of the subscription price and of the applicable (a) fees and charges of, and expenses incurred by, the Depositary and (b) taxes), and (z) deliver ADSs upon the valid exercise of such rights. The Company shall assist the Depositary to the extent necessary in establishing such procedures. Nothing herein shall obligate the Depositary to make available to the Holders a method to exercise rights to subscribe for Shares (rather than ADSs).

(b) **Sale of Rights.** If (i) the Company does not timely request the Depositary to make the rights available to Holders or requests that the rights not be made available to Holders, (ii) the Depositary fails to receive reasonably satisfactory documentation within the terms of Section 5.7, or determines it is not reasonably practicable to make the rights available to Holders, or (iii) any rights made available are not exercised and appear to be about to lapse, the Depositary shall determine whether it is lawful and reasonably practicable to sell such rights, in a riskless principal capacity, at such place and upon such terms (including public or private sale) as it may deem practicable. The Company shall assist the Depositary to the extent necessary to determine such legality and practicability. The Depositary shall, upon such sale, convert and distribute proceeds of such sale (net of applicable (a) fees and charges of, and expenses incurred by, the Depositary and (b) taxes) upon the terms set forth in Section 4.1.

(c) **Lapse of Rights.** If the Depositary is unable to make any rights available to Holders upon the terms described in Section 4.4(a) or to arrange for the sale of the rights upon the terms described in Section 4.4(b), the Depositary shall allow such rights to lapse.

The Depositary shall not be liable for (i) any failure to accurately determine whether it may be lawful or practicable to make such rights available to Holders in general or any Holders in particular, (ii) any foreign exchange exposure or loss incurred in connection with such sale, or exercise, or (iii) the content of any materials forwarded to the Holders on behalf of the Company in connection with the rights distribution.

Notwithstanding anything to the contrary in this Section 4.4, if registration (under the Securities Act or any other applicable law) of the rights or the securities to which any rights relate may be required in order for the Company to offer such rights or such securities to Holders and to sell the securities represented by such rights, the Depositary will not distribute such rights to the Holders (i) unless and until a registration statement under the Securities Act (or other applicable law) covering such offering is in effect or (ii) unless the Company furnishes the Depositary opinion(s) of counsel for the Company in the United States and counsel for the Company in any other applicable country in which rights would be distributed, in each case reasonably satisfactory to the Depositary, to the effect that the offering and sale of such securities to Holders and Beneficial Owners are exempt from, or do not require registration under, the provisions of the Securities Act or any other applicable laws.

In the event that the Company, the Depositary or the Custodian shall be required to withhold and does withhold from any distribution of Deposited Property (including rights) an amount on account of taxes or other governmental charges, the amount distributed to the Holders of ADSs shall be reduced accordingly. In the event that the Depositary determines that any distribution of Deposited Property (including Shares and rights to subscribe therefor) is subject to any tax or other governmental charges which the Depositary is obligated to withhold, the Depositary may dispose of all or a portion of such Deposited Property (including Shares and rights to subscribe therefor) in such amounts and in such manner, including by public or private sale, as the Depositary deems necessary and practicable to pay any such taxes or charges.

There can be no assurance that Holders generally, or any Holder in particular, will be given the opportunity to receive or exercise rights on the same terms and conditions as the holders of Shares or be able to exercise such rights. Nothing herein shall obligate the Company to file any registration statement in respect of any rights or Shares or other securities to be acquired upon the exercise of such rights.

Section 4.5 Distributions Other Than Cash, Shares or Rights to Purchase Shares.

(a) Whenever the Company intends to distribute to the holders of Deposited Securities property other than cash, Shares or rights to purchase additional Shares, the Company shall give timely notice thereof to the Depositary and shall indicate whether or not it wishes such distribution to be made to Holders of ADSs. Upon receipt of a notice indicating that the Company wishes such distribution to be made to Holders of ADSs, the Depositary shall consult with the Company, and the Company shall assist the Depositary, to determine whether such distribution to Holders is lawful and reasonably practicable. The Depositary shall not make such distribution unless (i) the Company shall have requested the Depositary to make such distribution to Holders, (ii) the Depositary shall have received satisfactory documentation within the terms of Section 5.7, and (iii) the Depositary shall have determined that such distribution is reasonably practicable.

(b) Upon receipt of satisfactory documentation and the request of the Company to distribute property to Holders of ADSs and after making the requisite determinations set forth in (a) above, the Depositary shall distribute the property so received to the Holders of record, as of the ADS Record Date, in proportion to the number of ADSs held by them respectively and in such manner as the Depositary may deem practicable for accomplishing such distribution (i) upon receipt of payment or net of the applicable fees and charges of, and expenses incurred by, the Depositary, and (ii) net of any taxes withheld. The Depositary may dispose of all or a portion of the property so distributed and deposited, in such amounts and in such manner (including public or private sale) as the Depositary may deem practicable or necessary to satisfy any taxes (including applicable interest and penalties) or other governmental charges applicable to the distribution.

(c) If (i) the Company does not request the Depositary to make such distribution to Holders or requests the Depositary not to make such distribution to Holders, (ii) the Depositary does not receive satisfactory documentation within the terms of Section 5.7, or (iii) the Depositary determines that all or a portion of such distribution is not reasonably practicable, the Depositary shall sell or cause such property to be sold in a public or private sale, at such place or places and upon such terms as it may deem practicable and shall (i) cause the proceeds of such sale, if any, to be converted into Dollars and (ii) distribute the proceeds of such conversion received by the Depositary (net of applicable (a) fees and charges of, and expenses incurred by, the Depositary and (b) taxes) to the Holders as of the ADS Record Date upon the terms of Section 4.1. If the Depositary is unable to sell such property, the Depositary may dispose of such property for the account of the Holders in any way it deems reasonably practicable under the circumstances.

(d) Neither the Depositary nor the Company shall be liable for (i) any failure to accurately determine whether it is lawful or practicable to make the property described in this Section 4.5 available to Holders in general or any Holders in particular, nor (ii) any loss incurred in connection with the sale or disposal of such property.

Section 4.6 Distributions with Respect to Deposited Securities in Bearer Form.

Subject to the terms of this Article IV, distributions in respect of Deposited Securities that are held by the Depositary or the Custodian in bearer form shall be made to the Depositary for the account of the respective Holders of ADS(s) with respect to which any such distribution is made upon due presentation by the Depositary or the Custodian to the Company of any relevant coupons, talons, or certificates. The Company shall promptly notify the Depositary of such distributions. The Depositary or the Custodian shall promptly present such coupons, talons or certificates, as the case may be, in connection with any such distribution.

Section 4.7 Redemption. If the Company intends to exercise any right of redemption in respect of any of the Deposited Securities, the Company shall give timely notice thereof to the Depositary at least forty-five (45) days (or such other number of days as the Depositary and the Company may agree to in writing from time to time) prior to the intended date of redemption which notice shall set forth the particulars of the proposed redemption. Upon timely receipt of (i) such notice and (ii) reasonably satisfactory documentation given by the Company to the Depositary within the terms of Section 5.7, and only if the Depositary shall have determined that such proposed redemption is practicable, the Depositary shall provide to each Holder a notice setting forth the intended exercise by the Company of the redemption rights and any other particulars set forth in the Company's notice to the Depositary. The Depositary shall instruct the Custodian to present to the Company the Deposited Securities in respect of which redemption rights are being exercised against payment of the applicable redemption price. Upon receipt of confirmation from the Custodian that the redemption has taken place and that funds representing the redemption price have been received, the Depositary shall convert, transfer, and distribute the proceeds (net of applicable (a) fees and charges of, and the expenses incurred by, the Depositary, and (b) taxes), retire ADSs and cancel ADRs, if applicable, upon delivery of such ADSs by Holders thereof and the terms set forth in Sections 4.1 and 6.2. If less than all outstanding Deposited Securities are redeemed, the ADSs to be retired will be selected by lot or on a pro rata basis, as may be determined by the Depositary. The redemption price per ADS shall be the dollar equivalent of the per share amount received by the Depositary (adjusted to reflect the ADS(s)-to-Share(s) ratio) upon the redemption of the Deposited Securities represented by ADSs (subject to the terms of Section 4.8 and the applicable fees and charges of, and expenses incurred by, the Depositary, and taxes) multiplied by the number of Deposited Securities represented by each ADS redeemed.

Notwithstanding anything contained in the Deposit Agreement to the contrary, in the event the Company fails to give the Depositary timely notice of the proposed redemption provided for in this Section 4.7, the Depositary agrees to use commercially reasonable efforts to perform the actions contemplated in this Section 4.7, and the Company, the Holders and the Beneficial Owners acknowledge that the Depositary shall have no liability for the Depositary's failure to perform the actions contemplated in this Section 4.7 where such notice has not been so timely given, other than its failure to use commercially reasonable efforts, as provided herein.

Section 4.8 Conversion of Foreign Currency. Whenever the Depositary or the Custodian shall receive Foreign Currency, by way of dividends or other distributions or the net proceeds from the sale of Deposited Property, which in the judgment of the Depositary can at such time be converted on a practicable basis, by sale or in any other manner that it may determine in accordance with applicable law, into Dollars transferable to the United States and distributable to the Holders entitled thereto, the Depositary shall convert or cause to be converted, by sale or in any other manner that it may reasonably determine, such Foreign Currency into Dollars, and shall distribute such Dollars (net of the fees and charges set forth in the Fee Schedule attached hereto as Exhibit B, and applicable taxes withheld) in accordance with the terms of the applicable sections of the Deposit Agreement. The Depositary and/or its agent (which may be a division, branch or Affiliate of the Depositary) may act as principal for any conversion of Foreign Currency. If the Depositary shall have distributed warrants or other instruments that entitle the holders thereof to such Dollars, the Depositary shall distribute such Dollars to the holders of such warrants and/or instruments upon surrender thereof for cancellation, in either case without liability for interest thereon. Such distribution may be made upon an averaged or other practicable basis without regard to any distinctions among Holders on account of any application of exchange restrictions or otherwise.

If such conversion or distribution generally or with regard to a particular Holder can be effected only with the approval or license of any government or agency thereof, the Depositary shall have authority to file such application for approval or license, if any, as it may deem desirable. In no event, however, shall the Depositary be obligated to make such a filing.

If at any time the Depositary shall determine that in its judgment the conversion of any Foreign Currency and the transfer and distribution of proceeds of such conversion received by the Depositary is not practicable or lawful, or if any approval or license of any governmental authority or agency thereof that is required for such conversion, transfer and distribution is denied or, in the opinion of the Depositary, not obtainable at a reasonable cost or within a reasonable period, the Depositary may, in its discretion, (i) make such conversion and distribution in Dollars to the Holders for whom such conversion, transfer and distribution is lawful and practicable, (ii) distribute the Foreign Currency (or an appropriate document evidencing the right to receive such Foreign Currency) to Holders for whom this is lawful and practicable, or (iii) hold (or cause the Custodian to hold) such Foreign Currency (without liability for interest thereon) for the respective accounts of the Holders entitled to receive the same.

Section 4.9 Fixing of ADS Record Date. Whenever (a) the Depositary shall receive notice of the fixing of a record date by the Company for the determination of holders of Deposited Securities entitled to receive any distribution (whether in cash, Shares, rights, or other distribution), (b) for any reason the Depositary causes a change in the number of Shares that are represented by each ADS, (c) the Depositary shall receive notice of any meeting of, or solicitation of consents or proxies of, holders of Shares or other Deposited Securities, or (d) the Depositary shall find it necessary or convenient in connection with the giving of any notice, solicitation of any consent or any other matter, the Depositary shall fix the record date (the "ADS Record Date") for the determination of the Holders of ADS(s) who shall be entitled to receive such distribution, to give instructions for the exercise of voting rights at any such meeting, to give or withhold such consent, to receive such notice or solicitation or to otherwise take action, or to exercise the rights of Holders with respect to such changed number of Shares represented by each ADS. The Depositary shall make reasonable efforts to establish the ADS Record Date as closely as practicable to the applicable record date for the Deposited Securities (if any) set by the Company in the Cayman Islands and shall not announce the establishment of any ADS Record Date prior to the relevant corporate action having been made public by the Company (if such corporate action affects the Deposited Securities). Subject to applicable law and the provisions of Section 4.1 through 4.8 and to the other terms and conditions of the Deposit Agreement, only the Holders of ADSs at the close of business in New York on such ADS Record Date shall be entitled to receive such distribution, to give such voting instructions, to receive such notice or solicitation, or otherwise take action.

Section 4.10 Voting of Deposited Securities. As soon as practicable after receipt of notice of any meeting at which the holders of Deposited Securities are entitled to vote, or of solicitation of consents or proxies from holders of Deposited Securities, the Depositary shall fix the ADS Record Date in respect of such meeting or solicitation of consent or proxy in accordance with Section 4.9. The Depositary shall, if requested by the Company in writing in a timely manner (the Depositary having no obligation to take any further action if the request shall not have been received by the Depositary at least thirty (30) days (or such other number of days as the Depositary and the Company may agree to in writing from time to time) prior to the date of such vote or meeting), at the Company's expense and provided no U.S. legal prohibitions exist, distribute to Holders as of the ADS Record Date: (a) such notice of meeting or solicitation of consent or proxy, (b) a statement that the Holders at the close of business on the ADS Record Date will be entitled, subject to any applicable law, the provisions of the Deposit Agreement, the Articles of Association and the provisions of or governing the Deposited Securities (which provisions, if any, shall be summarized in pertinent part by the Company), to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the Deposited Securities represented by such Holder's ADSs, and (c) a brief statement as to the manner in which such voting instructions may be given.

Notwithstanding anything contained in the Deposit Agreement or any ADR, the Depositary may, to the extent not prohibited by law or regulations, or by the 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 (*e.g.*, by reference to a website containing the materials for retrieval or a contact for requesting copies of the materials).

The Depositary has been advised by the Company that under the Articles of Association as in effect on the date of the Deposit Agreement, voting at any meeting of shareholders of the Company is by show of hands unless (before or on the declaration of the result of the show of hands) a poll is demanded. The Depositary will not join in demanding a poll, whether or not requested to do so by Holders of ADSs. Under the Articles of Association of the Company as in effect on the date of the Deposit Agreement, a poll may be demanded by (a) the chairman of the meeting, (b) any shareholder(s) present in person or by proxy and representing not less than 10% of the total voting rights of all the shareholders having the right to vote on the resolution.

Voting instructions may be given only in respect of a number of ADSs representing an integral number of Deposited Securities. Upon the timely receipt from a Holder of ADSs as of the ADS Record Date of voting instructions in the manner specified by the Depositary, the Depositary shall endeavor, insofar as practicable and permitted under applicable law, the provisions of the Deposit Agreement, the Articles of Association and the provisions of the Deposited Securities, to vote, or cause the Custodian to vote, the Deposited Securities (in person or by proxy) represented by such Holder's ADSs as follows: (a) *in the event voting takes place at a shareholders' meeting by a show of hands*, the Depositary will instruct the Custodian to vote all Deposited Securities in accordance with the voting instructions received timely from a majority of Holders of ADSs who provided voting instructions, and (b) *in the event voting takes place at a shareholders' meeting by poll*, the Depositary will instruct the Custodian to vote the Deposited Securities in accordance with the voting instructions timely received from the Holders of ADSs.

If the Depositary does not receive instructions from a Holder as of the ADS Record Date on or before the date established by the Depositary for such purpose and voting is by poll, such Holder shall be deemed, and the Depositary shall (unless otherwise specified in the notice distributed to Holders) deem such Holder, to have instructed the Depositary to give a discretionary proxy to a person designated by the Company to vote the Deposited Securities; provided, however, that no such discretionary proxy shall be given by the Depositary with respect to any matter to be voted upon as to which the Company informs the Depositary that (A) the Company does not wish such proxy to be given, (B) substantial opposition exists, or (C) the rights of holders of Deposited Securities may be materially adversely affected. Neither the Depositary nor the Custodian shall under any circumstances exercise any discretion as to voting and neither the Depositary nor the Custodian shall vote, attempt to exercise the right to vote, or in any way make use of, for purposes of establishing a quorum or otherwise, the Deposited Securities represented by ADSs, except pursuant to and in accordance with the voting instructions timely received from Holders or as otherwise contemplated herein. If the Depositary timely receives voting instructions from a Holder which fail to specify the manner in which the Depositary is to vote the Deposited Securities represented by such Holder's ADSs, the Depositary will deem such Holder (unless otherwise specified in the notice distributed to Holders) to have instructed the Depositary to vote in favor of the items set forth in such voting instructions.

Notwithstanding anything else contained herein, the Depositary shall, if so requested in writing by the Company, represent all Deposited Securities (whether or not voting instructions have been received in respect of such Deposited Securities from Holders as of the ADS Record Date) for the sole purpose of establishing quorum at a meeting of shareholders.

Notwithstanding anything else contained in the Deposit Agreement or any ADR, the Depositary shall not have any obligation to take any action with respect to any meeting, or solicitation of consents or proxies, of holders of Deposited Securities if the taking of such action would violate U.S. laws or if the Depositary has not distributed the materials referred to in the first paragraph of this Section 4.10. The Company agrees to take any and all actions reasonably necessary to enable Holders and Beneficial Owners to exercise the voting rights accruing to the Deposited Securities and to deliver to the Depositary an opinion of U.S. counsel addressing any actions requested to be taken if so requested by the Depositary.

There can be no assurance that Holders generally or any Holder in particular will receive the notice described above with sufficient time to enable the Holder to return voting instructions to the Depositary in a timely manner.

Section 4.11 Changes Affecting Deposited Securities. Upon any change in nominal or par value, split-up, cancellation, consolidation or any other reclassification of Deposited Securities, or upon any recapitalization, reorganization, merger, consolidation or sale of assets affecting the Company or to which it is a party, any property which shall be received by the Depositary or the Custodian in exchange for, or in conversion of, or replacement of, or otherwise in respect of, such Deposited Securities shall, to the extent permitted by law, be treated as new Deposited Property under the Deposit Agreement, and the ADSs shall, subject to the provisions of the Deposit Agreement, any ADR(s) evidencing such ADSs and applicable law, represent the right to receive such additional or replacement Deposited Property. In giving effect to such change, split-up, cancellation, consolidation or other reclassification of Deposited Securities, recapitalization, reorganization, merger, consolidation or sale of assets, the Depositary may, with the Company's approval, and shall, if the Company shall so request, subject to the terms of the Deposit Agreement (including, without limitation, (a) the applicable fees and charges of, and expenses incurred by, the Depositary, and (b) taxes) and receipt of an opinion of counsel to the Company satisfactory to the Depositary that such actions are not in violation of any applicable laws or regulations, (i) issue and deliver additional ADSs as in the case of a stock dividend on the Shares, (ii) amend the Deposit Agreement and the applicable ADRs, (iii) amend the applicable Registration Statement(s) on Form F-6 as filed with the Commission in respect of the ADSs, (iv) call for the surrender of outstanding ADRs to be exchanged for new ADRs, and (v) take such other actions as are appropriate to reflect the transaction with respect to the ADSs. The Company agrees to, jointly with the Depositary, amend the Registration Statement on Form F-6 as filed with the Commission to permit the issuance of such new form of ADRs. Notwithstanding the foregoing, in the event that any Deposited Property so received may not be lawfully distributed to some or all Holders, the Depositary may, with the Company's approval, and shall, if the Company requests, subject to receipt of an opinion of Company's counsel satisfactory to the Depositary that such action is not in violation of any applicable laws or regulations, sell such Deposited Property at public or private sale, at such place or places and upon such terms as it may deem proper and may allocate the net proceeds of such sales (net of (a) fees and charges of, and expenses incurred by, the Depositary and (b) taxes) for the account of the Holders otherwise entitled to such Deposited Property upon an averaged or other practicable basis without regard to any distinctions among such Holders and distribute the net proceeds so allocated to the extent practicable as in the case of a distribution received in cash pursuant to Section 4.1. Neither the Company nor the Depositary shall be responsible for (i) any failure to determine that it may be lawful or practicable to make such Deposited Property available to Holders in general or to any Holder in particular, (ii) any foreign exchange exposure or loss incurred in connection with such sale, or (iii) any liability to the purchaser of such Deposited Property; provided that this sentence shall not limit the Company's obligations or liabilities to the Depositary or any "indemnified person" (as defined in Section 5.8)

Section 4.12 Available Information.

The Company is subject to the periodic reporting requirements of the Exchange Act and, accordingly, is required to file or furnish certain reports with the Commission. These reports can be retrieved from the Commission's website (www.sec.gov) and can be inspected and copied at the public reference facilities maintained by the Commission located (as of the date of the Deposit Agreement) at 100 F Street, N.E., Washington D.C. 20549.

Section 4.13 Reports. The Depositary shall make available for inspection by Holders at its Principal Office any reports and communications, including any proxy soliciting materials, received from the Company which are both (a) received by the Depositary, the Custodian, or the nominee of either of them as the holder of the Deposited Property and (b) made generally available to the holders of such Deposited Property by the Company. The Depositary shall also provide or make available to Holders copies of such reports when furnished by the Company pursuant to Section 5.6.

Section 4.14 List of Holders. Promptly upon written request by the Company, the Depositary shall furnish to it a list, as of a recent date, of the names, addresses and holdings of ADSs of all Holders.

Section 4.15 Taxation. The Depositary will, and will instruct the Custodian to, forward to the Company or its agents such information from its records as the Company may reasonably request to enable the Company or its agents to file the necessary tax reports with governmental authorities or agencies. The Depositary, the Custodian or the Company and its agents may file such reports as are necessary to reduce or eliminate applicable taxes on dividends and on other distributions in respect of Deposited Property under applicable tax treaties or laws for the Holders and Beneficial Owners. In accordance with instructions from the Company and to the extent practicable, the Depositary or the Custodian will take reasonable administrative actions to obtain tax refunds, reduced withholding of tax at source on dividends and other benefits under applicable tax treaties or laws with respect to dividends and other distributions on the Deposited Property. As a condition to receiving such benefits, Holders and Beneficial Owners of ADSs may be required from time to time, and in a timely manner, to file such proof of taxpayer status, residence and beneficial ownership (as applicable), to execute such certificates and to make such representations and warranties, or to provide any other information or documents, as the Depositary or the Custodian may deem necessary or proper to fulfill the Depositary's or the Custodian's obligations under applicable law. The Depositary and the Company shall have no obligation or liability to any person if any Holder or Beneficial Owner fails to provide such information or if such information does not reach the relevant tax authorities in time for any Holder or Beneficial Owner to obtain the benefits of any tax treatment. The Holders and Beneficial Owners shall indemnify the Depositary, the Company, the Custodian and any of their respective 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.

If the Company (or any of its agents) withholds from any distribution any amount on account of taxes or governmental charges, or pays any other tax in respect of such distribution (*e.g.*, stamp duty tax, capital gains or other similar tax), the Company shall (and shall cause such agent to) remit promptly to the Depositary information about such taxes or governmental charges withheld or paid, and, if so requested, the tax receipt (or other proof of payment to the applicable governmental authority) therefor, in each case, in a form reasonably satisfactory to the Depositary. The Depositary shall, to the extent required by U.S. law, report to Holders any taxes withheld by it or the Custodian, and, if such information is provided to it by the Company, any taxes withheld by the Company. The Depositary and the Custodian shall not be required to provide the Holders with any evidence of the remittance by the Company (or its agents) of any taxes withheld, or of the payment of taxes by the Company, except to the extent the evidence is provided by the Company to the Depositary or the Custodian, as applicable. None of the Company, the Depositary nor the Custodian shall be liable for the failure by any Holder or Beneficial Owner to obtain the benefits of credits on the basis of non-U.S. tax paid against such Holder's or Beneficial Owner's income tax liability.

The Depositary is under no obligation to provide the Holders and Beneficial Owners with any information about the tax status of the Company. Neither the Company nor the Depositary shall incur any liability for any tax consequences that may be incurred by Holders and Beneficial Owners on account of their ownership of the ADSs, including without limitation, tax consequences resulting from the Company (or any of its subsidiaries) being treated as a "Passive Foreign Investment Company" (in each case as defined in the U.S. Internal Revenue Code and the regulations issued thereunder) or otherwise. Upon written request, the Depositary shall, at the expense of the person making the request, promptly provide (i) each Holder and (ii) each person that was a Holder during the period to which the information applies, a copy of any tax-related information provided to the Depositary by the Company for the benefit of such Holders.

ARTICLE V

THE DEPOSITARY, THE CUSTODIAN AND THE COMPANY

Section 5.1 **Maintenance of Office and Transfer Books by the Registrar.** Until termination of the Deposit Agreement in accordance with its terms, the Registrar shall maintain in the Borough of Manhattan, the City of New York, an office and facilities for the issuance and delivery of ADSs, the acceptance for surrender of ADS(s) for the purpose of withdrawal of Deposited Securities, the registration of issuances, cancellations, transfers, combinations and split-ups of ADS(s) and, if applicable, to countersign ADRs evidencing the ADSs so issued, transferred, combined or split-up, in each case in accordance with the provisions of the Deposit Agreement.

The Registrar shall keep books for the registration of ADSs which at all reasonable times shall be open for inspection by the Company and by the Holders of such ADSs, provided that such inspection shall not be, to the Registrar's knowledge, for the purpose of communicating with Holders of such ADSs in the interest of a business or object other than the business of the Company or other than a matter related to the Deposit Agreement or the ADSs.

The Registrar may close the transfer books with respect to the ADSs, 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 hereunder, or at the reasonable written request of the Company subject, in all cases, to Section 7.8(a).

If any ADSs are listed on one or more stock exchanges or automated quotation systems in the United States, the Depositary shall act as Registrar or appoint a Registrar or one or more co-registrars for registration of issuances, cancellations, transfers, combinations and split-ups of ADSs and, if applicable, to countersign ADRs evidencing the ADSs so issued, transferred, combined or split-up, in accordance with any requirements of such exchanges or systems. Such Registrar or co-registrars may be removed and a substitute or substitutes appointed by the Depositary. As promptly as practicable, the Depositary shall notify the Company of any such removal or appointment.

Section 5.2 **Exoneration.** Notwithstanding anything contained in the Deposit Agreement or any ADR, neither the Depositary nor the Company shall be obligated to do or perform any act or thing which is inconsistent with the provisions of the Deposit Agreement or incur any liability (to the extent not limited by Section 7.8(b)) (i) if the Depositary, the Custodian, the Company or their respective agents shall be prevented or forbidden from, hindered or delayed in, doing or performing any act or thing required or contemplated by the terms of the Deposit Agreement, by reason of any provision of any present or future law or regulation of the United States, the Cayman Islands or any other country, or of any other governmental authority or regulatory authority or stock exchange, or on account of potential criminal or civil penalties or restraint, or by reason of any provision, present or future, of the Articles of Association or any provision of or governing any Deposited Securities, or by reason of any act of God or other event or circumstance beyond its control (including, without limitation, fire, flood, earthquake, tornado, hurricane, tsunami, explosion, or other natural disaster, nationalization, expropriation, currency restriction, work stoppage, strikes, civil unrest, act of war (whether declared or not) or terrorism, revolution, rebellion, embargo, computer failure, failure of public infrastructure (including communication or utility failure), failure of common carriers, nuclear, cyber or biochemical incident, any pandemic, epidemic or other prevalent disease or illness with an actual or probable threat to human life, any quarantine order or travel restriction imposed by a governmental authority or other competent public health authority, or the failure or unavailability of the United States Federal Reserve Bank (or other central banking system) or DTC (or other clearing system)), (ii) by reason of any exercise of, or failure to exercise, any discretion provided for in the Deposit Agreement or in the Articles of Association or provisions of or governing Deposited Securities, (iii) for any action or inaction in reliance upon the advice of or information from legal counsel, accountants, any person presenting Shares for deposit, any Holder, any Beneficial Owner or authorized representative thereof, or any other person believed by it in good faith to be competent to give such advice or information, (iv) for the inability by a Holder or Beneficial Owner to benefit from any distribution, offering, right or other benefit which is made available to holders of Deposited Securities but is not, under the terms of the Deposit Agreement, made available to Holders of ADSs, (v) for any action or inaction of any clearing or settlement system (and any participant thereof) for the Deposited Property or the ADSs, or (vi) for any consequential or punitive damages (including lost profits) for any breach of the terms of the Deposit Agreement.

The Depositary, its controlling persons, its agents, any Custodian and the Company, its controlling persons and its agents may rely and shall be protected in acting upon any written notice, request or other document believed by it to be genuine and to have been signed or presented by the proper party or parties.

Section 5.3 Standard of Care. The Company and the Depositary assume no obligation and shall not be subject to any liability under the Deposit Agreement or any ADRs to any Holder(s) or Beneficial Owner(s), except that the Company and the Depositary agree to perform their respective obligations specifically set forth in the Deposit Agreement or the applicable ADRs without negligence or bad faith.

Without limitation of the foregoing, neither the Depositary, nor the Company, nor any of their respective controlling persons, or agents, shall be under any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Property or in respect of the ADSs, 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 no Custodian shall be under any obligation whatsoever with respect to such proceedings, the responsibility of the Custodian being solely to the Depositary).

The Depositary and its agents shall not be liable for any failure to carry out any instructions to vote any of the Deposited Securities, or for the manner in which any vote is cast or the effect of any vote, provided that any such action or omission is in good faith and without negligence and in accordance with the terms of the Deposit Agreement. The Depositary shall not incur any liability for any failure to accurately determine that any distribution or action may be lawful or reasonably practicable, for the content of any information submitted to it by 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 Property, for the validity or worth of the Deposited Property, for the value of any Deposited Property or any distribution thereon, for any interest on Deposited Property, for any tax consequences that may result from the ownership of ADSs, Shares or other Deposited Property, for the credit-worthiness of any third party, for allowing any rights to lapse upon the terms of the Deposit Agreement, for the failure or timeliness of any notice from the Company, or for any action of or failure to act by, or any information provided or not provided by, DTC or any DTC Participant.

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, provided that in connection with the issue out of which such potential liability arises the Depositary performed its obligations without negligence or bad faith while it acted as Depositary.

The Depositary shall not be liable for any acts or omissions made by a predecessor depositary whether in connection with an act or omission of the Depositary or in connection with any matter arising wholly prior to the appointment of the Depositary or after the removal or resignation of the Depositary, provided that in connection with the issue out of which such potential liability arises the Depositary performed its obligations without negligence or bad faith while it acted as Depositary.

Section 5.4 Resignation and Removal of the Depositary; Appointment of Successor Depositary. The Depositary may at any time resign as Depositary hereunder by written notice of resignation delivered to the Company, such resignation to be effective on the earlier of (i) the 90th day after delivery thereof to the Company (whereupon the Depositary shall be entitled to take the actions contemplated in Section 6.2), or (ii) the appointment by the Company of a successor depositary and its acceptance of such appointment as hereinafter provided.

The Depositary may at any time be removed by the Company by written notice of such removal, which removal shall be effective on the later of (i) the 90th day after delivery thereof to the Depositary (whereupon the Depositary shall be entitled to take the actions contemplated in Section 6.2), or (ii) upon the appointment by the Company of a successor depositary and its acceptance of such appointment as hereinafter provided.

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 be required by the Company to 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 (except as required by applicable law), shall become fully vested with all the rights, powers, duties and obligations of its predecessor (other than as contemplated in Sections 5.8 and 5.9). The predecessor depositary, upon payment of all sums due 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 as contemplated in Sections 5.8 and 5.9), (ii) duly assign, transfer and deliver all of the Depositary's right, title and interest to the Deposited Property to such successor, and (iii) deliver to such successor a list of the Holders of all outstanding ADSs and such other information relating to ADSs and Holders thereof as the successor may reasonably request. Any such successor depositary shall promptly provide notice of its appointment to such Holders.

Any entity into or with which the Depositary may be merged or consolidated shall be the successor of the Depositary without the execution or filing of any document or any further act.

Section 5.5 The Custodian. The Depositary has initially appointed Citibank, N.A. - Hong Kong as Custodian for the purpose of the Deposit Agreement. The Custodian or its successors in acting hereunder shall be authorized to act as custodian in the Cayman Islands and shall be subject at all times and in all respects to the direction of the Depositary for the Deposited Property for which the Custodian acts as custodian and shall be responsible solely to it. If any Custodian resigns or is discharged from its duties hereunder with respect to any Deposited Property and no other Custodian has previously been appointed hereunder, the Depositary shall promptly appoint a substitute custodian. The Depositary shall require such resigning or discharged Custodian to Deliver, or cause the Delivery of, the Deposited Property held by it, together with all such records maintained by it as Custodian with respect to such Deposited Property as the Depositary may request, to the Custodian designated by the Depositary. Whenever the Depositary determines, in its discretion, that it is appropriate to do so, it may appoint an additional custodian with respect to any Deposited Property, or discharge the Custodian with respect to any Deposited Property and appoint a substitute custodian, which shall thereafter be Custodian hereunder with respect to the Deposited Property. Immediately upon any such change, the Depositary shall give notice thereof in writing to all Holders of ADSs, each other Custodian and the Company.

Citibank may at any time act as Custodian of the Deposited Property pursuant to the Deposit Agreement, in which case any reference to Custodian shall mean Citibank solely in its capacity as Custodian pursuant to the Deposit Agreement. Notwithstanding anything contained in the Deposit Agreement or any ADR, the Depositary shall not be obligated to give notice to the Company, any Holders of ADSs or any other Custodian of its acting as Custodian pursuant to the Deposit Agreement.

Upon the appointment of any successor depositary, any Custodian then acting hereunder shall, unless otherwise instructed by the Depositary, continue to be the Custodian of the Deposited Property without any further act or writing, and shall be subject to the direction of the successor depositary. The successor depositary so appointed shall, nevertheless, on the written request of any Custodian, execute and deliver to such Custodian all such instruments as may be proper to give to such Custodian full and complete power and authority to act on the direction of such successor depositary.

Section 5.6 Notices and Reports. On or before the first date on which the Company gives notice, by publication or otherwise, of any meeting of holders of Shares or other Deposited Securities, or of any adjourned meeting of such holders, or of the taking of any action by such holders other than at a meeting, or of the taking of any action in respect of any cash or other distributions or the offering of any rights in respect of Deposited Securities, the Company shall transmit to the Depositary and the Custodian a copy of the notice thereof in the English language but otherwise in the form given or to be given to holders of Shares or other Deposited Securities. The Company shall also furnish to the Custodian and the Depositary a summary, in English, of any applicable provisions or proposed provisions of the Articles of Association that may be relevant or pertain to such notice of meeting or be the subject of a vote thereat.

The Company will also transmit to the Depositary (a) an English language version of the other notices, reports and communications which are made generally available by the Company to holders of its Shares or other Deposited Securities and (b) the English-language versions of the Company's annual reports prepared in accordance with the applicable requirements of the Commission, to the extent such notices, reports and communications are not available on the Company's website or are not otherwise publicly available. The Depositary shall arrange, at the request of the Company and at the Company's expense, to provide copies thereof to all Holders or make such notices, reports and other communications available to all Holders on a basis similar to that for holders of Shares or other Deposited Securities or on such other basis as the Company may advise the Depositary or as may be required by any applicable law, regulation or stock exchange requirement. The Company has delivered to the Depositary and the Custodian a copy of the Articles of Association along with the provisions of or governing the Shares and any other Deposited Securities issued by the Company in connection with such Shares, and promptly upon any amendment thereto or change therein, the Company shall deliver to the Depositary and the Custodian a copy of such amendment thereto or change therein to the extent such amendment or change is not available on the Company's website or is not otherwise publicly available. The Depositary may rely upon such copy for all purposes of the Deposit Agreement.

The Depositary will, at the expense of the Company, make available a copy of any such notices, reports or communications issued by the Company and delivered to the Depositary for inspection by the Holders of the ADSs at the Depositary's Principal Office, at the office of the Custodian and at any other designated transfer office.

Section 5.7 Issuance of Additional Shares, ADSs etc. The Company agrees that in the event it or any of its Affiliates proposes (i) an issuance, sale or distribution of additional Shares, (ii) an offering of rights to subscribe for Shares or other Deposited Securities, (iii) an issuance or assumption of securities convertible into or exchangeable for Shares, (iv) an issuance of rights to subscribe for securities convertible into or exchangeable for Shares, (v) an elective dividend of cash or Shares, (vi) a redemption of Deposited Securities, (vii) a meeting of holders of Deposited Securities, or solicitation of consents or proxies, relating to any reclassification of securities, merger or consolidation or transfer of assets, (viii) any assumption, reclassification, recapitalization, reorganization, merger, consolidation or sale of assets which affects the Deposited Securities, or (ix) a distribution of securities other than Shares, it will obtain U.S. legal advice and take all steps necessary to ensure that the application of the proposed transaction to Holders and Beneficial Owners does not violate the registration provisions of the Securities Act, or any other applicable laws (including, without limitation, the Investment Company Act of 1940, as amended, the Exchange Act and the securities laws of the states of the U.S.). In support of the foregoing, the Company will furnish to the Depositary (a) a written opinion of U.S. counsel (reasonably satisfactory to the Depositary) stating whether such transaction (1) requires a registration statement under the Securities Act to be in effect or (2) is exempt from the registration requirements of the Securities Act and (b) an opinion of the Cayman Islands counsel stating that (1) making the transaction available to Holders and Beneficial Owners does not violate the laws or regulations of the Cayman Islands and (2) all requisite regulatory consents and approvals, if any, have been obtained in the Cayman Islands. If the filing of a registration statement is required, the Depositary shall not have any obligation to proceed with the transaction unless it shall have received evidence reasonably satisfactory to it that such registration statement has been declared effective. If, being advised by counsel, the Company determines that a transaction is required to be registered under the Securities Act, the Company will either (i) register such transaction to the extent necessary, (ii) alter the terms of the transaction to avoid the registration requirements of the Securities Act or (iii) direct the Depositary to take specific measures, in each case as contemplated in the Deposit Agreement, to prevent such transaction from violating the registration requirements of the Securities Act. The Company agrees with the Depositary that neither the Company nor any of its Affiliates will at any time (i) deposit any Shares or other Deposited Securities, either upon original issuance or upon a sale of Shares or other Deposited Securities previously issued and reacquired by the Company or by any such Affiliate, or (ii) issue additional Shares, rights to subscribe for such Shares, securities convertible into or exchangeable for Shares or rights to subscribe for such securities or distribute securities other than Shares, unless such transaction and the securities issuable in such transaction do not violate the registration provisions of the Securities Act, or any other applicable laws (including, without limitation, the Investment Company Act of 1940, as amended, the Exchange Act and the securities laws of the states of the U.S.).

Notwithstanding anything else contained in the Deposit Agreement, nothing in the Deposit Agreement shall be deemed to obligate the Company to file any registration statement in respect of any proposed transaction.

Section 5.8 Indemnification. The Depositary agrees to indemnify the Company and its directors, officers, employees, agents and Affiliates against, and hold each of them harmless from, any direct loss, liability, tax, charge or expense of any kind whatsoever (including, but not limited to, the reasonable fees and expenses of counsel) which may arise out of acts performed or omitted by the Depositary or the Custodian (for so long as the Custodian is a branch of Citibank, N.A.) under the terms hereof due to the negligence or bad faith of the Depositary or the Custodian, as applicable.

The Company agrees to indemnify the Depositary, the Custodian and any of their respective directors, officers, employees, agents and Affiliates against, and hold each of them harmless from, any direct loss, liability, tax, charge or expense of any kind whatsoever (including, but not limited to, the reasonable fees and expenses of counsel) that may arise (a) out of, or in connection with, any offer, issuance, sale, resale, transfer, deposit or withdrawal of ADRs, ADSs, the Shares, or other Deposited Securities, as the case may be, (b) out of, or as a result of, any offering documents in respect thereof or (c) out of acts performed or omitted, including, but not limited to, any delivery by the Depositary on behalf of the Company of information regarding the Company, in connection with the Deposit Agreement, any ancillary or supplemental agreement entered into between the Company and the Depositary, the ADRs, the ADSs, the Shares, or any Deposited Property, in any such case (i) by the Depositary, the Custodian or any of their respective directors, officers, employees, agents and Affiliates, except to the extent such loss, liability, tax, charge or expense is due to the negligence or bad faith of any of them, or (ii) by the Company or any of its directors, officers, employees, agents and Affiliates.

The obligations set forth in this Section shall survive the termination of the Deposit Agreement and the succession or substitution of any party hereto.

Any person seeking indemnification hereunder (an "indemnified person") shall notify the person from whom it is seeking indemnification (the "indemnifying person") of the commencement of any indemnifiable action or claim promptly after such indemnified person becomes aware of such commencement (provided that the failure to make such notification shall not affect such indemnified person's rights to seek indemnification except to the extent the indemnifying person is materially prejudiced by such failure) and shall consult in good faith with the indemnifying person as to the conduct of the defense of such action or claim that may give rise to an indemnity hereunder, which defense shall be reasonable in the circumstances. No indemnified person shall compromise or settle any action or claim that may give rise to an indemnity hereunder without the consent of the indemnifying person, which consent shall not be unreasonably withheld.

Section 5.9 ADS Fees and Charges. The Company, the Holders, the Beneficial Owners, persons depositing Shares or withdrawing Deposited Securities in connection with the issuance and cancellation of ADSs, and persons receiving ADSs upon issuance or whose ADSs are being cancelled shall be required to pay to the Depositary the Depositary's fees and related charges identified as payable by them respectively in the Fee Schedule attached hereto as Exhibit B. All ADS fees and charges so payable may be deducted from distributions or must be remitted to the Depositary, or its designee, and may, at any time and from time to time, be changed by agreement between the Depositary and the Company, but, in the case of ADS fees and charges payable by Holders and Beneficial Owners, any such change (excluding any changes to the waiver by the Depositary of fees and charges contemplated herein) may be made only in the manner contemplated in Section 6.1. The Depositary shall provide, without charge, a copy of its latest ADS fee schedule to anyone upon request.

ADS fees and charges for (i) the issuance of ADSs and (ii) the cancellation of ADSs will be payable by the person for whom the ADSs are so issued by the Depositary (in the case of ADS issuances) and by the person for whom ADSs are being cancelled (in the case of ADS cancellations). In the case of ADSs issued by the Depositary into DTC or presented to the Depositary via DTC, the ADS issuance and cancellation fees and charges will be payable by the DTC Participant(s) receiving the ADSs from the Depositary or the DTC Participant(s) holding the ADSs being cancelled, as the case may be, on behalf of the Beneficial Owner(s) and will be charged by the DTC Participant(s) to the account(s) of the applicable Beneficial Owner(s) in accordance with the procedures and practices of the DTC participant(s) as in effect at the time. ADS fees and charges in respect of distributions and the ADS service fee are payable by Holders as of the applicable ADS Record Date established by the Depositary. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, the applicable Holders as of the ADS Record Date established by the Depositary will be invoiced for the amount of the ADS fees and charges and such ADS fees may be deducted from distributions made to Holders. For ADSs held through DTC, the ADS fees and charges for distributions other than cash and the ADS service fee may be deducted from distributions made through DTC, and may be charged to the DTC Participants in accordance with the procedures and practices prescribed by DTC from time to time and the DTC Participants in turn charge the amount of such ADS fees and charges to the Beneficial Owners for whom they hold ADSs. In the case of (i) registration of ADS transfers, the ADS transfer fee will be payable by the ADS Holder whose ADSs are being transferred or by the person to whom the ADSs are transferred, and (ii) conversion of ADSs of one series for ADSs of another series, the ADS conversion fee will be payable by the Holder whose ADSs are converted or by the person to whom the converted ADSs are delivered.

The Depositary may reimburse the Company for certain expenses incurred by the Company in respect of the ADR program established pursuant to the Deposit Agreement, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as the Company and the Depositary agree from time to time. The Company shall pay to the Depositary such fees and charges, and reimburse the Depositary for such out-of-pocket expenses, as the Depositary and the Company may agree from time to time. Responsibility for payment of such fees, charges and reimbursements may from time to time be changed by agreement between the Company and the Depositary. Unless otherwise agreed, the Depositary shall present its statement for such fees, charges and reimbursements to the Company once every three months. The charges and expenses of the Custodian are for the sole account of the Depositary.

The obligations of Holders and Beneficial Owners to pay ADS fees and charges shall survive the termination of the Deposit Agreement. As to any Depositary, upon the resignation or removal of such Depositary as described in Section 5.4, the right to collect ADS fees and charges shall extend for those ADS fees and charges incurred prior to the effectiveness of such resignation or removal.

Section 5.10 Restricted Securities Owners. The Company agrees to advise in writing each of the persons or entities who, to the knowledge of the Company, holds Restricted Securities that such Restricted Securities are ineligible for deposit hereunder (except under the circumstances contemplated in Section 2.14) and, to the extent practicable, shall require each of such persons to represent in writing that such person will not deposit Restricted Securities hereunder (except under the circumstances contemplated in Section 2.14).

ARTICLE VI

AMENDMENT AND TERMINATION

Section 6.1 Amendment/Supplement. Subject to the terms and conditions of this Section 6.1 and applicable law, the ADRs outstanding at any time, the provisions of the Deposit Agreement and the form of ADR attached hereto and to be issued under the terms hereof may at any time and from time to time be amended or supplemented by written agreement between the Company and the Depositary in any respect which they may deem necessary or desirable without the prior written consent of the Holders or Beneficial Owners. Any amendment or supplement which shall impose or increase any fees or charges (other than charges in connection with foreign exchange control regulations, and taxes and other governmental charges, delivery and other such expenses), or which shall otherwise materially prejudice any substantial existing right of Holders or Beneficial Owners, shall not, however, become effective as to outstanding ADSs until the expiration of thirty (30) days after notice of such amendment or supplement shall have been given to the Holders of outstanding ADSs. Notice of any amendment to the Deposit Agreement or any ADR 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 (*e.g.*, upon retrieval from the Commission's, the Depositary's or the Company's website or upon request from the Depositary). The parties hereto agree that 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 or (b) the ADSs to be settled 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 materially prejudice any substantial existing rights of Holders or Beneficial Owners. Every Holder and Beneficial Owner at the time any amendment or supplement so becomes effective shall be deemed, by continuing to hold such ADSs, to consent and agree to such amendment or supplement and to be bound by the Deposit Agreement and the ADR, if applicable, as amended or supplemented thereby. In no event shall any amendment or supplement impair the right of the Holder to surrender such ADS and receive therefor the Deposited Securities represented thereby, except in order to comply with mandatory provisions of applicable law. Notwithstanding the foregoing, if any governmental body should adopt new laws, rules or regulations which would require an amendment of, or supplement to, the Deposit Agreement to ensure compliance therewith, the Company and the Depositary may amend or supplement the Deposit Agreement and any ADRs at any time in accordance with such changed laws, rules or regulations. Such amendment or supplement to the Deposit Agreement and any ADRs 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 with such laws, rules or regulations.

Section 6.2 Termination. The Depositary shall, at any time at the written direction of the Company, terminate the Deposit Agreement by distributing notice of such termination to the Holders of all ADSs then outstanding at least thirty (30) days prior to the date fixed in such notice for such termination. If (i) ninety (90) days shall have expired after the Depositary shall have delivered to the Company a written notice of its election to resign, or (ii) ninety (90) days shall have expired after the Company shall have delivered to the Depositary a written notice of the removal of the Depositary, and, in either case, a successor depositary shall not have been appointed and accepted its appointment as provided in Section 5.4 of the Deposit Agreement, the Depositary may terminate the Deposit Agreement by distributing notice of such termination to the Holders of all ADSs then outstanding at least thirty (30) days prior to the date fixed in such notice for such termination. The date so fixed for termination of the Deposit Agreement in any termination notice so distributed by the Depositary to the Holders of ADSs is referred to as the "Termination Date". Until the Termination Date, the Depositary shall continue to perform all of its obligations under the Deposit Agreement, and the Holders and Beneficial Owners will be entitled to all of their rights under the Deposit Agreement.

If any ADSs shall remain outstanding after the Termination Date, the Registrar and the Depositary shall not, after the Termination Date, have any obligation to perform any further acts under the Deposit Agreement, except that the Depositary shall, subject, in each case, to the terms and conditions of the Deposit Agreement, continue to (i) collect dividends and other distributions pertaining to Deposited Securities, (ii) sell Deposited Property received in respect of Deposited Securities, (iii) deliver Deposited Securities, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any other Deposited Property, in exchange for ADSs surrendered to the Depositary (after deducting, or charging, as the case may be, in each case, the fees and charges of, and expenses incurred by, the Depositary, and all applicable taxes or governmental charges for the account of the Holders and Beneficial Owners, in each case upon the terms set forth in Section 5.9 of the Deposit Agreement), and (iv) take such actions as may be required under applicable law in connection with its role as Depositary under the Deposit Agreement.

At any time after the Termination Date, the Depositary may sell the Deposited Property then held under the Deposit Agreement and shall after such sale hold un-invested the net proceeds of such sale, together with any other cash then held by it under the Deposit Agreement, in an un-segregated account and without liability for interest, for the pro rata benefit of the Holders whose ADSs have not theretofore been surrendered. After making such sale, the Depositary shall be discharged from all obligations under the Deposit Agreement except (i) to account for such net proceeds and other cash (after deducting, or charging, as the case may be, in each case, the fees and charges of, and expenses incurred by, the Depositary, and all applicable taxes or governmental charges for the account of the Holders and Beneficial Owners, in each case upon the terms set forth in Section 5.9 of the Deposit Agreement), and (ii) as may be required at law in connection with the termination of the Deposit Agreement. After the Termination Date, the Company shall be discharged from all obligations under the Deposit Agreement, except for its obligations to the Depositary under Sections 5.8, 5.9 and 7.6 of the Deposit Agreement. The obligations under the terms of the Deposit Agreement of Holders and Beneficial Owners of ADSs outstanding as of the Termination Date shall survive the Termination Date and shall be discharged only when the applicable ADSs are presented by their Holders to the Depositary for cancellation under the terms of the Deposit Agreement (except as specifically provided in the Deposit Agreement).

Notwithstanding anything contained in the Deposit Agreement or any ADR, in connection with the termination of the Deposit Agreement, the Depositary may, independently and without the need for any action by the Company, make available to Holders of ADSs a means to withdraw the Deposited Securities represented by their ADSs and to direct the deposit of such Deposited Securities into an unsponsored American depositary shares program established by the Depositary, upon such terms and conditions as the Depositary may deem reasonably appropriate, subject however, in each case, to satisfaction of the applicable registration requirements by the unsponsored American depositary shares program under the Securities Act, and to receipt by the Depositary of payment of the applicable fees and charges of, and reimbursement of the applicable expenses incurred by, the Depositary.

ARTICLE VII

MISCELLANEOUS

Section 7.1 Counterparts. The Deposit Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of such counterparts together shall constitute one and the same agreement. Copies of the Deposit Agreement shall be maintained with the Depositary and shall be open to inspection by any Holder during business hours.

Section 7.2 No Third-Party Beneficiaries/Acknowledgments. The Deposit Agreement is for the exclusive benefit of the parties hereto (and their successors) and shall not be deemed to give any legal or equitable right, remedy or claim whatsoever to any other person, except to the extent specifically set forth in the Deposit Agreement. Nothing in the Deposit Agreement shall be deemed to give rise to a partnership or joint venture among the parties nor establish a fiduciary or similar relationship among the parties. The parties hereto acknowledge and agree that (i) Citibank and its Affiliates may at any time have multiple banking relationships with the Company, the Holders, the Beneficial Owners, and their respective Affiliates, (ii) Citibank and its Affiliates may own and deal in any class of securities of the Company and its Affiliates and in ADSs, and may be engaged at any time in transactions in which parties adverse to the Company, the Holders, the Beneficial Owners or their respective Affiliates may have interests, (iii) the Depositary and its Affiliates may from time to time have in their possession non-public information about the Company, the Holders, the Beneficial Owners, and their respective Affiliates, (iv) nothing contained in the Deposit Agreement shall (a) preclude Citibank or any of its Affiliates from engaging in such transactions or establishing or maintaining such relationships, or (b) obligate Citibank or any of its Affiliates to disclose such information, transactions or relationships, or to account for any profit made or payment received in such transactions or relationships, (v) the Depositary shall not be deemed to have knowledge of any information any other division of Citibank or any of its Affiliates may have about the Company, the Holders, the Beneficial Owners, or any of their respective Affiliates, and (vi) the Company, the Depositary, the Custodian and their respective agents and controlling persons may be subject to the laws and regulations of jurisdictions other than the U.S. and the Cayman Islands, and the authority of courts and regulatory authorities of such other jurisdictions, and, consequently, the requirements and the limitations of such other laws and regulations, and the decisions and orders of such other courts and regulatory authorities, may affect the rights and obligations of the parties to the Deposit Agreement.

Section 7.3 Severability. In case any one or more of the provisions contained in the Deposit Agreement or in the ADRs should be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall in no way be affected, prejudiced or disturbed thereby.

Section 7.4 Holders and Beneficial Owners as Parties; Binding Effect. The Holders and Beneficial Owners from time to time of ADSs issued hereunder shall be parties to the Deposit Agreement and shall be bound by all of the terms and conditions hereof and of any ADR evidencing their ADSs by acceptance thereof or any beneficial interest therein.

Section 7.5 Notices. Any and all notices to be given to the Company shall be deemed to have been duly given if personally delivered or sent by mail, air courier or cable, telex or facsimile transmission, confirmed by letter personally delivered or sent by mail or air courier, addressed to Burning Rock Biotech Limited, 601, 6/F, Building 3, Standard Industrial Unit 2, No. 7, Luoxuan 4th Road, International Bio Island, Guangzhou, Guangdong Province, People's Republic of China, Attention: Chief Financial Officer, or to any other address which the Company may specify in writing to the Depositary.

Any and all notices to be given to the Depositary shall be deemed to have been duly given if personally delivered or sent by mail, air courier or cable, telex or facsimile transmission, confirmed by letter personally delivered or sent by mail or air courier, addressed to Citibank, N.A., 388 Greenwich Street, New York, New York 10013, U.S.A., Attention: Depositary Receipts Department, or to any other address which the Depositary may specify in writing to the Company.

Any and all notices to be given to any Holder shall be deemed to have been duly given **(a)** if personally delivered or sent by mail or cable, telex or facsimile transmission, confirmed by letter, addressed to such Holder at the address of such Holder as it appears on the books of the Depositary or, if such Holder shall have filed with the Depositary a request that notices intended for such Holder be mailed to some other address, at the address specified in such request, or **(b)** if a Holder shall have designated such means of notification as an acceptable means of notification under the terms of the Deposit Agreement, by means of electronic messaging addressed for delivery to the e-mail address designated by the Holder for such purpose. Notice to Holders shall be deemed to be notice to Beneficial Owners for all purposes of the Deposit Agreement. 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 ADSs held by such other Holders. Any notices given to DTC under the terms of the Deposit Agreement shall (unless otherwise specified by the Depositary) constitute notice to the DTC Participants who hold the ADSs in their DTC accounts and to the Beneficial Owners of such ADSs.

Delivery of a notice sent by mail, air courier or cable, telex or facsimile transmission shall be deemed to be effective at the time when a duly addressed letter containing the same (or a confirmation thereof in the case of a cable, telex or facsimile transmission) is deposited, postage prepaid, in a post-office letter box or delivered to an air courier service, without regard for the actual receipt or time of actual receipt thereof by a Holder. The Depositary or the Company may, however, act upon any cable, telex or facsimile transmission received by it from any Holder, the Custodian, the Depositary, or the Company, notwithstanding that such cable, telex or facsimile transmission shall not be subsequently confirmed by letter.

Delivery of a notice by means of electronic messaging shall be deemed to be effective at the time of the initiation of the transmission by the sender (as shown on the sender's records), notwithstanding that the intended recipient retrieves the message at a later date, fails to retrieve such message, or fails to receive such notice on account of its failure to maintain the designated e-mail address, its failure to designate a substitute e-mail address or for any other reason.

Section 7.6 Governing Law and Jurisdiction. The Deposit Agreement, the ADRs and the ADSs shall be interpreted in accordance with, and all rights hereunder and thereunder and provisions hereof and thereof shall be governed by, the laws of the State of New York without reference to the principles of choice of law thereof. Notwithstanding anything contained in the Deposit Agreement to the contrary, any ADR or any present or future provisions of the laws of the State of New York, the rights of holders of Shares and of any other Deposited Securities and the obligations and duties of the Company in respect of the holders of Shares and other Deposited Securities, as such, shall be governed by the laws of the Cayman Islands (or, if applicable, such other laws as may govern the Deposited Securities).

Except as set forth in the following paragraph of this Section 7.6, the Company and the Depositary agree that the federal or state courts in the City of New York shall have jurisdiction to hear and determine any suit, action or proceeding and to settle any dispute between them that may arise out of or in connection with the Deposit Agreement and, for such purposes, each irrevocably submits to the non-exclusive jurisdiction of such courts. The Company hereby irrevocably designates, appoints and empowers Cogency Global Inc. (the "Agent") now at 122 East 42nd Street, 18th Floor, New York, NY 10168 as its authorized agent to receive and accept for and on its behalf, and on behalf of its properties, assets and revenues, service by mail of any and all legal process, summons, notices and documents that may be served in any suit, action or proceeding brought against the Company in any federal or state court as described in the preceding sentence or in the next paragraph of this Section 7.6. If for any reason the Agent shall cease to be available to act as such, the Company agrees to designate a new agent in New York on the terms and for the purposes of this Section 7.6 reasonably satisfactory to the Depositary. 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 against the Company, by service by mail of a copy thereof upon the Agent (whether or not the appointment of such Agent shall for any reason prove to be ineffective or such 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 7.5. The Company agrees that the failure of the 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 rendered in any action or proceeding based thereon.

Notwithstanding the foregoing, the Depositary and the Company unconditionally agree that in the event that a Holder or Beneficial Owner brings a suit, action or proceeding against (a) the Company, (b) the Depositary in its capacity as Depositary under the Deposit Agreement or (c) against both the Company and the Depositary, in any such case, in any state or federal court of the United States, and the Depositary or the Company have any claim, for indemnification or otherwise, against each other arising out of the subject matter of such suit, action or proceeding, then the Company and the Depositary may pursue such claim against each other in the state or federal court in the United States in which such suit, action, or proceeding is pending and, for such purposes, the Company and the Depositary irrevocably submit to the non-exclusive jurisdiction of such courts. The Company agrees that service of process upon the Agent in the manner set forth in the preceding paragraph shall be effective service upon it for any suit, action or proceeding brought against it as described in this paragraph.

The Company irrevocably and unconditionally waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of venue of any actions, suits or proceedings brought in any court as provided in this Section 7.6, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

The Company irrevocably and unconditionally waives, to the fullest extent permitted by law, and agrees not to plead or claim, any right of immunity from legal action, suit or proceeding, 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, from execution of judgment, or from any other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, and consents to such relief and enforcement against it, its assets and its revenues in any jurisdiction, in each case with respect to any matter arising out of, or in connection with, the Deposit Agreement, any ADR or the Deposited Property.

EACH OF THE PARTIES TO THE DEPOSIT AGREEMENT (INCLUDING, WITHOUT LIMITATION, EACH HOLDER AND BENEFICIAL OWNER) IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING AGAINST THE COMPANY AND/OR THE DEPOSITARY ARISING OUT OF, OR RELATING TO, THE DEPOSIT AGREEMENT, ANY ADR AND ANY TRANSACTIONS CONTEMPLATED THEREIN (WHETHER BASED ON CONTRACT, TORT, COMMON LAW OR OTHERWISE).

The provisions of this Section 7.6 shall survive any termination of the Deposit Agreement, in whole or in part.

Section 7.7 Assignment. Subject to the provisions of Section 5.4, the Deposit Agreement may not be assigned by either the Company or the Depositary.

Section 7.8 Compliance with, and No Disclaimer under, U.S. Securities Laws. (a) Notwithstanding anything in the Deposit Agreement to the contrary, the withdrawal or delivery of Deposited Securities will not be suspended by the Company or the Depositary except as would be permitted by Instruction I.A.(1) of the General Instructions to Form F-6 Registration Statement, as amended from time to time, under the Securities Act.

(b) Each of the parties to the Deposit Agreement (including, without limitation, each Holder and Beneficial Owner) acknowledges and agrees that no provision of the Deposit Agreement or any ADR shall, or shall be deemed to, disclaim any liability under the Securities Act or the Exchange Act, in each case to the extent established under applicable U.S. laws.

Section 7.9 The Cayman Islands Law References. Any summary of the Cayman Islands laws and regulations and of the terms of the Articles of Association set forth in the Deposit Agreement have been provided by the Company solely for the convenience of Holders, Beneficial Owners and the Depositary. While such summaries are believed by the Company to be accurate as of the date of the Deposit Agreement, (i) they are summaries and as such may not include all aspects of the materials summarized applicable to a Holder or Beneficial Owner, and (ii) these laws and regulations and the Articles of Association may change after the date of the Deposit Agreement. Neither the Depositary nor the Company has any obligation under the terms of the Deposit Agreement to update any such summaries.

Section 7.10 Titles and References. (a) **Deposit Agreement.** All references in the Deposit Agreement to exhibits, articles, sections, subsections, and other subdivisions refer to the exhibits, articles, sections, subsections and other subdivisions of the Deposit Agreement unless expressly provided otherwise. The words "the Deposit Agreement", "herein", "hereof", "hereby", "hereunder", and words of similar import refer to the Deposit Agreement as a whole as in effect at the relevant time between the Company, the Depositary and the Holders and Beneficial Owners of ADSs and not to any particular subdivision unless expressly so limited. Pronouns in masculine, feminine and neuter gender shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and *vice versa* unless the context otherwise requires. Titles to sections of the Deposit Agreement are included for convenience only and shall be disregarded in construing the language contained in the Deposit Agreement. References to "applicable laws and regulations" shall refer to laws and regulations applicable to ADRs, ADSs or Deposited Property as in effect at the relevant time of determination, unless otherwise required by law or regulation.

(b) **ADRs.** All references in any ADR(s) to paragraphs, exhibits, articles, sections, subsections, and other subdivisions refer to the paragraphs, exhibits, articles, sections, subsections and other subdivisions of the ADR(s) in question unless expressly provided otherwise. The words "the Receipt", "the ADR", "herein", "hereof", "hereby", "hereunder", and words of similar import used in any ADR refer to the ADR as a whole and as in effect at the relevant time, and not to any particular subdivision unless expressly so limited. Pronouns in masculine, feminine and neuter gender in any ADR shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and *vice versa* unless the context otherwise requires. Titles to paragraphs of any ADR are included for convenience only and shall be disregarded in construing the language contained in the ADR. References to "applicable laws and regulations" shall refer to laws and regulations applicable to the Company, the Depositary, the Custodian, their agents and controlling persons, the ADRs, the ADSs and the Deposited Property as in effect at the relevant time of determination, unless otherwise required by law or regulation.

IN WITNESS WHEREOF, BURNING ROCK BIOTECH LIMITED and CITIBANK, N.A. have duly executed the 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.

BURNING ROCK BIOTECH LIMITED

By: _____
Name: Leo Li
Title: Director and Chief Financial Officer

CITIBANK, N.A.

By: _____
Name:
Title:

EXHIBIT A

[FORM OF ADR]

Number _____

CUSIP NUMBER: _____

American Depositary Shares (each American Depositary Share representing the right to receive one (1) fully paid Class A ordinary share)

AMERICAN DEPOSITARY RECEIPT

for

AMERICAN DEPOSITARY SHARES

representing

DEPOSITED CLASS A ORDINARY SHARES

of

BURNING ROCK BIOTECH LIMITED
(Organized under the laws of the Cayman Islands)

CITIBANK, N.A., a national banking association organized and existing under the laws of the United States of America, as depositary (the "Depositary"), hereby certifies that _____is the owner of _____ American Depositary Shares (hereinafter "ADS") representing deposited Class A ordinary shares, including evidence of rights to receive such Class A ordinary shares, par value $0.0002 per share (the "Shares"), of Burning Rock Biotech Limited, an exempted company with limited liability organized under the laws of the Cayman Islands (the "Company"). As of the date of issuance of this ADR, each ADS represents the right to receive one (1) Share deposited under the Deposit Agreement (as hereinafter defined) with the Custodian, which at the date of issuance of this ADR is Citibank, N.A. - Hong Kong (the "Custodian"). The ADS(s)-to-Share(s) ratio is subject to amendment as provided in Articles IV and VI of the Deposit Agreement. The Depositary's Principal Office is located at 388 Greenwich Street, New York, New York 10013, U.S.A.

(1) The Deposit Agreement. This American Depositary Receipt is one of an issue of American Depositary Receipts ("ADRs"), all issued and to be issued upon the terms and conditions set forth in the Deposit Agreement, dated as of [●], 2020 (as amended and supplemented from time to time, the "Deposit Agreement"), by and among the Company, the Depositary, and all Holders and Beneficial Owners from time to time of ADSs issued thereunder. The Deposit Agreement sets forth the rights and obligations of Holders and Beneficial Owners of ADSs and the rights and duties of the Depositary in respect of the Shares deposited thereunder and any and all other Deposited Property (as defined in the Deposit Agreement) from time to time received and held on deposit in respect of the ADSs. Copies of the Deposit Agreement are on file at the Principal Office of the Depositary and with the Custodian. Each Holder and each Beneficial Owner, upon acceptance of any ADSs (or any interest therein) 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), and (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. The manner in which a Beneficial Owner holds ADSs (e.g., in a brokerage account vs. as registered holder) may affect the rights and obligations of, the manner in which, and the extent to which, services are made available to, Beneficial Owners pursuant to the terms of the Deposit Agreement.

The statements made on the face and reverse of this ADR are summaries of certain provisions of the Deposit Agreement and the Articles of Association (as in effect on the date of the signing of the Deposit Agreement) and are qualified by and subject to the detailed provisions of the Deposit Agreement and the Articles of Association, to which reference is hereby made.

All capitalized terms not defined herein shall have the meanings ascribed thereto in the Deposit Agreement.

The Depositary makes no representation or warranty as to the validity or worth of the Deposited Property. The Depositary has made arrangements for the acceptance of the ADSs into DTC. Each Beneficial Owner of ADSs held through DTC must rely on the procedures of DTC and the DTC Participants to exercise and be entitled to any rights attributable to such ADSs. The Depositary may issue Uncertificated ADSs subject, however, to the terms and conditions of Section 2.13 of the Deposit Agreement.

(2) Surrender of ADSs and Withdrawal of Deposited Securities. The Holder of this ADR (and of the ADSs evidenced hereby) shall be entitled to Delivery (at the Custodian's designated office) of the Deposited Securities at the time represented by the ADSs evidenced hereby upon satisfaction of each of the following conditions: (i) the Holder (or a duly-authorized attorney of the Holder) has duly Delivered ADSs to the Depositary at its Principal Office the ADSs evidenced hereby (and, if applicable, this ADR evidencing such ADSs) for the purpose of withdrawal of the Deposited Securities represented thereby, (ii) if applicable and so required by the Depositary, this ADR Delivered to the Depositary for such purpose has been properly endorsed in blank or is accompanied by proper instruments of transfer in blank (including signature guarantees in accordance with standard securities industry practice), (iii) if so required by the Depositary, the Holder of the ADSs has executed and delivered to the Depositary a written order directing the Depositary to cause the Deposited Securities being withdrawn to be Delivered to or upon the written order of the person(s) designated in such order, and (iv) all applicable fees and charges of, and expenses incurred by, the Depositary and all applicable taxes and governmental charges (as are set forth in Section 5.9 of, and Exhibit B to, the Deposit Agreement) have been paid, *subject, however, in each case*, to the terms and conditions of this ADR evidencing the surrendered ADSs, of the Deposit Agreement, of the Articles of Association and of any applicable laws and the rules of the applicable book-entry settlement system, if available, and to any provisions of or governing the Deposited Securities , in each case as in effect at the time thereof.

Upon satisfaction of each of the conditions specified above, the Depositary (i) shall cancel the ADSs Delivered to it (and, if applicable, this ADR(s) evidencing the ADSs so Delivered), (ii) shall direct the Registrar to record the cancellation of the ADSs so Delivered on the books maintained for such purpose, and (iii) shall direct the Custodian to Deliver, or cause the Delivery of, in each case, without unreasonable delay, the Deposited Securities represented by the ADSs so canceled together with any certificate or other document of title for the Deposited Securities, or evidence of the electronic transfer thereof (if available), as the case may be, to or upon the written order of the person(s) designated in the order delivered to the Depositary for such purpose, *subject however, in each case*, to the terms and conditions of the Deposit Agreement, of the ADRs evidencing the ADSs so canceled, of the Articles of Association, of any applicable laws and of the rules of the applicable book-entry settlement system, if available, and to the terms and conditions of or governing the Deposited Securities, in each case as in effect at the time thereof.

The Depositary shall not accept for surrender ADSs representing less than one (1) Share. In the case of Delivery to it of ADSs representing a number other than a whole number of Shares, the Depositary shall cause ownership of the appropriate whole number of Shares to be Delivered in accordance with the terms hereof, and shall, at the discretion of the Depositary, either (i) return to the person surrendering such ADSs the number of ADSs representing any remaining fractional Share, or (ii) sell or cause to be sold the fractional Share represented by the ADSs so surrendered and remit the proceeds of such sale (net of (a) applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes withheld) to the person surrendering the ADSs.

Notwithstanding anything else contained in this ADR or the Deposit Agreement, the Depositary may make delivery at the Principal Office of the Depositary of Deposited Property consisting of (i) any cash dividends or cash distributions, or (ii) any proceeds from the sale of any non-cash distributions, which are at the time held by the Depositary in respect of the Deposited Securities represented by the ADSs surrendered for cancellation and withdrawal. At the request, risk and expense of any Holder so surrendering ADSs represented by this ADR, and for the account of such Holder, the Depositary shall direct the Custodian to forward (to the extent permitted by law) any Deposited Property (other than Deposited Securities) held by the Custodian in respect of such ADSs to the Depositary for delivery at the Principal Office of the Depositary. Such direction shall be given by letter or, at the request, risk and expense of such Holder, by cable, telex or facsimile transmission.

(3) Transfer, Combination and Split-up of ADRs. The Registrar shall register the transfer of this ADR (and of the ADSs represented hereby) on the books maintained for such purpose and the Depositary shall (x) cancel this ADR and execute new ADRs evidencing the same aggregate number of ADSs as those evidenced by this ADR canceled by the Depositary, (y) cause the Registrar to countersign such new ADRs, and (z) Deliver such new ADRs to or upon the order of the person entitled thereto, if each of the following conditions has been satisfied: (i) this ADR has been duly Delivered by the Holder (or by a duly authorized attorney of the Holder) to the Depositary at its Principal Office for the purpose of effecting a transfer thereof, (ii) this surrendered ADR has been properly endorsed or is accompanied by proper instruments of transfer (including signature guarantees in accordance with standard securities industry practice), (iii) this surrendered ADR has been duly stamped (if required by the laws of the State of New York or of the United States), and (iv) all applicable fees and charges of, and expenses incurred by, the Depositary and all applicable taxes and governmental charges (as are set forth in Section 5.9 of, and Exhibit B to, the Deposit Agreement) have been paid, *subject, however, in each case*, to the terms and conditions of this ADR, of the Deposit Agreement and of applicable law, in each case as in effect at the time thereof.

The Registrar shall register the split-up or combination of this ADR (and of the ADSs represented hereby) on the books maintained for such purpose and the Depositary shall (x) cancel this ADR and execute new ADRs for the number of ADSs requested, but in the aggregate not exceeding the number of ADSs evidenced by this ADR canceled by the Depositary, (y) cause the Registrar to countersign such new ADRs, and (z) Deliver such new ADRs to or upon the order of the Holder thereof, if each of the following conditions has been satisfied: (i) this ADR has been duly Delivered by the Holder (or by a duly authorized attorney of the Holder) to the Depositary at its Principal Office for the purpose of effecting a split-up or combination hereof, and (ii) all applicable fees and charges of, and expenses incurred by, the Depositary and all applicable taxes and governmental charges (as are set forth in Section 5.9 of, and Exhibit B to, the Deposit Agreement) have been paid, *subject, however, in each case*, to the terms and conditions of this ADR, of the Deposit Agreement and of applicable law, in each case as in effect at the time thereof.

(4) Pre-Conditions to Registration, Transfer, Etc. As a condition precedent to the execution and Delivery, the registration of issuance, transfer, split-up, combination or surrender, of any ADS, the delivery of any distribution thereon, or the withdrawal of any Deposited Property, the Depositary or the Custodian may require (i) payment from the depositor of Shares or presenter of ADSs or of this ADR of a sum sufficient to reimburse it for any tax or other governmental charge and any stock transfer or registration fee with respect thereto (including any such tax or charge and fee with respect to Shares being deposited or withdrawn) and payment of any applicable fees and charges of the Depositary as provided in Section 5.9 of, and Exhibit B to, the Deposit Agreement and in this ADR, (ii) the production of proof satisfactory to it as to the identity and genuineness of any signature or any other matter contemplated by Section 3.1 of the Deposit Agreement, and (iii) compliance with (A) any laws or governmental regulations relating to the execution and Delivery of this ADR or ADSs or to the withdrawal of Deposited Securities and (B) such reasonable regulations as the Depositary and the Company may establish consistent with the provisions of this ADR, if applicable, the Deposit Agreement and applicable law.

The issuance of ADSs against deposits of Shares generally or against deposits of particular Shares may be suspended, or the deposit of particular Shares may be refused, or the registration of transfer of ADSs in particular instances may be refused, or the registration of transfer of ADSs generally may be suspended, during any period when the transfer books of the Company, the Depositary, a Registrar or the Share Registrar are closed or if any such action is deemed necessary or advisable by the Depositary or the Company, in good faith, at any time or from time to time because of any requirement of law or regulation, any government or governmental body or commission or any securities exchange on which the ADSs or Shares are listed, or under any provision of the Deposit Agreement or this ADR, if applicable, or under any provision of, or governing, the Deposited Securities, or because of a meeting of shareholders of the Company or for any other reason, subject, in all cases to Section 7.8(a) of the Deposit Agreement and paragraph (25) of this ADR. Notwithstanding any provision of the Deposit Agreement or this ADR to the contrary, Holders are entitled to surrender outstanding ADSs to withdraw the Deposited Securities associated therewith at any time subject only to (i) temporary delays caused by closing the transfer books of the Depositary or the Company 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, (iii) compliance with any U.S. or foreign laws or governmental regulations relating to the ADSs or to the withdrawal of the Deposited Securities, and (iv) other circumstances specifically contemplated by Instruction I.A.(l) of the General Instructions to Form F-6 (as such General Instructions may be amended from time to time).

(5) Compliance with Information Requests. Notwithstanding any other provision of the Deposit Agreement or this ADR, each Holder and Beneficial Owner of the ADSs represented hereby agrees to comply with requests from the Company pursuant to applicable law, the rules and requirements of any stock exchange on which the Shares or ADSs are, or will be, registered, traded or listed, or the Articles of Association, which are made to provide information, *inter alia*, as to the capacity in which such Holder or Beneficial Owner owns ADSs (and the Shares represented by such ADSs, as the case may be) and regarding the identity of any other person(s) interested in such ADSs (and the Shares represented by such ADSs, as the case may be) and the nature of such interest and various other matters, whether or not they are Holders and/or Beneficial Owners at the time of such request.

(6) Ownership Restrictions. Notwithstanding any other provision contained in this ADR or of the Deposit Agreement to the contrary, the Company may restrict transfers of the Shares where such transfer might result in ownership of Shares exceeding limits imposed by applicable law or the Articles of Association. The Company may also restrict, in such manner as it deems appropriate, transfers of the ADSs where such transfer may result in the total number of Shares represented by the ADSs owned by a single Holder or Beneficial Owner to exceed any such limits. The Company may, in its sole discretion but subject to applicable law, instruct the Depositary to take action with respect to the ownership interest of any Holder or Beneficial Owner in excess of the limits set forth in the preceding sentence, including but not limited to, the imposition of restrictions on the transfer of ADSs, the removal or limitation of voting rights or the mandatory sale or disposition on behalf of a Holder or Beneficial Owner of the Shares represented by the ADSs held by such Holder or Beneficial Owner in excess of such limitations, if and to the extent such disposition is permitted by applicable law and the Articles of Association. Nothing herein or in the Deposit Agreement shall be interpreted as obligating the Depositary or the Company to ensure compliance with the ownership restrictions described herein or in Section 3.5 of the Deposit Agreement.

(7) Reporting Obligations and Regulatory Approvals. Applicable laws and regulations may require holders and beneficial owners of Shares, including the Holders and Beneficial Owners of ADSs, to satisfy reporting requirements and obtain regulatory approvals in certain circumstances. Holders and Beneficial Owners of ADSs are solely responsible for determining and complying with such reporting requirements and obtaining such approvals. Each Holder and each Beneficial Owner hereby agrees to make such determination, file such reports, and obtain such approvals to the extent and in the form required by applicable laws and regulations as in effect from time to time. Neither the Depositary, the Custodian, the Company or any of their respective agents or affiliates shall be required to take any actions whatsoever on behalf of Holders or Beneficial Owners to determine or satisfy such reporting requirements or obtain such regulatory approvals under applicable laws and regulations.

(8) Liability for Taxes and Other Charges. Any tax or other governmental charge payable by the Custodian or by the Depositary with respect to any Deposited Property, ADSs or this ADR shall be payable by the Holders and Beneficial Owners to the Depositary. The Company, the Custodian and/or the Depositary may withhold or deduct from any distributions made in respect of Deposited Property held on behalf of such Holder and/or Beneficial Owner, and may sell for the account of a Holder and/or Beneficial Owner any or all of such Deposited Property and apply such distributions and sale proceeds in payment of, any taxes (including applicable interest and penalties) or charges that are or may be payable by Holders or Beneficial Owners in respect of the ADSs, Deposited Property and this ADR, the Holder and the Beneficial Owner hereof remaining liable for any deficiency. The Custodian may refuse the deposit of Shares and the Depositary may refuse to issue ADSs, to deliver ADRs, register the transfer of ADSs, register the split-up or combination of ADRs and (subject to paragraph (25) of this ADR and Section 7.8(a) of the Deposit Agreement) the withdrawal of Deposited Property until payment in full of such tax, charge, penalty or interest is received. Every Holder and Beneficial Owner agrees to indemnify the Depositary, the Company, the Custodian, and any of their agents, officers, employees and Affiliates for, and to hold each of them harmless from, any claims with respect to taxes (including applicable interest and penalties thereon) arising from (i) any ADSs held by such Holder and/or owned by such Beneficial Owner, (ii) the Deposited Property represented by the ADSs, and (iii) any transaction entered into by such Holder and/or Beneficial Owner in respect of the ADSs and/or the Deposited Property represented thereby. Notwithstanding anything to the contrary contained in the Deposit Agreement or any ADR, the obligations of Holders and Beneficial Owners under Section 3.2 of the Deposit Agreement shall survive any transfer of ADSs, any cancellation of ADSs and withdrawal of Deposited Securities, and the termination of the Deposit Agreement.

(9) Representations and Warranties on Deposit of Shares. Each person depositing Shares under the Deposit Agreement shall be deemed thereby to represent and warrant that (i) such Shares and the certificates therefor are duly authorized, validly issued, fully paid, non-assessable and legally obtained by such person, (ii) all preemptive (and similar) 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, (v) the Shares presented for deposit are not, and the ADSs issuable upon such deposit will not be, Restricted Securities (except as contemplated in Section 2.14 of the Deposit Agreement), and (vi) the Shares presented for deposit have not been stripped of any rights or entitlements. Such representations and warranties shall survive the deposit and withdrawal of Shares, the issuance and cancellation of ADSs in respect thereof and the transfer of such ADSs. If any such representations or warranties are false in any way, the Company and the Depositary shall be authorized, at the cost and expense of the person depositing Shares, to take any and all actions necessary to correct the consequences thereof.

(10) Proofs, Certificates and Other Information. Any person presenting Shares for deposit, any Holder and any Beneficial Owner may be required, and every Holder and Beneficial Owner agrees, from time to time to provide to the Depositary and the Custodian such proof of citizenship or residence, taxpayer status, payment of all applicable taxes or other governmental charges, exchange control approval, legal or beneficial ownership of ADSs and Deposited Property, compliance with applicable laws, the terms of the Deposit Agreement or this ADR evidencing the ADSs and the provisions of, or governing, the Deposited Property, to execute such certifications and to make such representations and warranties, and to provide such other information and documentation (or, in the case of Shares in registered form presented for deposit, such information relating to the registration on the books of the Company or of the Share Registrar) as the Depositary or the Custodian may deem necessary or proper or as the Company may reasonably require by written request to the Depositary consistent with its obligations under the Deposit Agreement and this ADR. The Depositary and the Registrar, as applicable, may withhold the execution or delivery or registration of transfer of any ADR or ADS or the distribution or sale of any dividend or distribution of rights or of the proceeds thereof or, to the extent not limited by paragraph (25) and Section 7.8(a) of the Deposit Agreement, the delivery of any Deposited Property until such proof or other information is filed or such certifications are executed, or such representations and warranties are made or such other documentation or information provided, in each case to the Depositary's, the Registrar's and the Company's satisfaction.

(11) ADS Fees and Charges. The following ADS fees are payable under the terms of the Deposit Agreement:

(i) ADS Issuance Fee: by any person for whom ADSs are issued (*e.g.*, an issuance upon a deposit of Shares, upon a change in the ADS(s)-to-Share(s) ratio, or for any other reason), excluding issuances as a result of distributions described in paragraph (iv) below, a fee not in excess of U.S. $5.00 per 100 ADSs (or fraction thereof) issued under the terms of the Deposit Agreement;

(ii) ADS Cancellation Fee: by any person for whom ADSs are being cancelled (*e.g.*, a cancellation of ADSs for Delivery of deposited Shares, upon a change in the ADS(s)-to-Share(s) ratio, or for any other reason), a fee not in excess of U.S. $5.00 per 100 ADSs (or fraction thereof) cancelled;

(iii) Cash Distribution Fee: by any Holder of ADSs, a fee not in excess of U.S. $5.00 per 100 ADSs (or fraction thereof) held for the distribution of cash dividends or other cash distributions (*e.g.*, upon a sale of rights and other entitlements);

(iv) Stock Distribution /Rights Exercise Fee: by any Holder of ADS(s), a fee not in excess of U.S. $5.00 per 100 ADSs (or fraction thereof) held for the distribution of ADSs pursuant to (a) stock dividends or other free stock distributions, or (b) an exercise of rights to purchase additional ADSs;

(v) Other Distribution Fee: by any Holder of ADS(s), a fee not in excess of U.S. $5.00 per 100 ADSs (or fraction thereof) held for the distribution of securities other than ADSs or rights to purchase additional ADSs (*e.g.*, spin-off shares);

(vi) Depositary Services Fee: by any Holder of ADS(s), a fee not in excess of U.S. $5.00 per 100 ADSs (or fraction thereof) held on the applicable record date(s) established by the Depositary;

(vii) Registration of ADS Transfer Fee: by any Holder of ADS(s) being transferred or by any person to whom ADSs are transferred, a fee not in excess of U.S. $5.00 per 100 ADSs (or fraction thereof) transferred (e.g., upon a registration of the transfer of registered ownership of ADSs, upon a transfer of ADSs into DTC and *vice versa*, or for any other reason); and

(viii) ADS Conversion Fee: by any Holder of ADS(s) being converted or by any person to whom the converted ADSs are delivered, a fee not in excess of U.S. $5.00 per 100 ADSs (or fraction thereof) converted from one ADS series to another ADS series (*e.g.*, upon conversion of Partial Entitlement ADSs for Full Entitlement ADSs, or upon conversion of Restricted ADSs into freely transferrable ADSs, and *vice versa*).

The Company, Holders, Beneficial Owners, persons depositing Shares or withdrawing Deposited Securities in connection with ADS issuances and cancellations, and persons for whom ADSs are issued or cancelled shall be responsible for the following ADS charges under the terms of the Deposit Agreement:

(a) taxes (including applicable interest and penalties) and other governmental charges;

(b) such registration fees as may from time to time be in effect for the registration of Shares or other Deposited Securities on the share register and applicable to transfers of Shares or other Deposited Securities to or from the name of the Custodian, the Depositary or any nominees upon the making of deposits and withdrawals, respectively;

(c) such cable, telex and facsimile transmission and delivery expenses as are expressly provided in the Deposit Agreement to be at the expense of the person depositing Shares or withdrawing Deposited Property or of the Holders and Beneficial Owners of ADSs;

(d) in connection with the conversion of Foreign Currency, the fees, expenses, spreads, taxes and other charges of the Depositary and/or conversion service providers (which may be a division, branch or Affiliate of the Depositary). Such fees, expenses, spreads, taxes and other charges shall be deducted from the Foreign Currency;

(e) any reasonable and customary out-of-pocket expenses incurred in such conversion and/or on behalf of the Holders and Beneficial Owners in complying with currency exchange control or other governmental requirements; and

(f) the fees, charges, costs and expenses incurred by the Depositary, the Custodian, or any nominee in connection with the ADR program.

All ADS fees and charges may, at any time and from time to time, be changed by agreement between the Depositary and Company but, in the case of ADS fees and charges payable by Holders and Beneficial Owners, only in the manner contemplated by paragraph (23) of this ADR and as contemplated in Section 6.1 of the Deposit Agreement. The Depositary shall provide, without charge, a copy of its latest ADS fee schedule to anyone upon request.

ADS fees and charges for (i) the issuance of ADSs and (ii) the cancellation of ADSs will be payable by the person for whom the ADSs are so issued by the Depositary (in the case of ADS issuances) and by the person for whom ADSs are being cancelled (in the case of ADS cancellations). In the case of ADSs issued by the Depositary into DTC or presented to the Depositary via DTC, the ADS issuance and cancellation fees and charges will be payable by the DTC Participant(s) receiving the ADSs from the Depositary or the DTC Participant(s) holding the ADSs being cancelled, as the case may be, on behalf of the Beneficial Owner(s) and will be charged by the DTC Participant(s) to the account(s) of the applicable Beneficial Owner(s) in accordance with the procedures and practices of the DTC Participant(s) as in effect at the time. ADS fees and charges in respect of distributions and the ADS service fee are payable by Holders as of the applicable ADS Record Date established by the Depositary. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, the applicable Holders as of the ADS Record Date established by the Depositary will be invoiced for the amount of the ADS fees and charges and such ADS fees may be deducted from distributions made to Holders. For ADSs held through DTC, the ADS fees and charges for distributions other than cash and the ADS service fee may be deducted from distributions made through DTC, and may be charged to the DTC Participants in accordance with the procedures and practices prescribed by DTC from time to time and the DTC Participants in turn charge the amount of such ADS fees and charges to the Beneficial Owners for whom they hold ADSs. In the case of (i) registration of ADS transfers, the ADS transfer fee will be payable by the ADS Holder whose ADSs are being transferred or by the person to whom the ADSs are transferred, and (ii) conversion of ADSs of one series for ADSs of another series, the ADS conversion fee will be payable by the Holder whose ADSs are converted or by the person to whom the converted ADSs are delivered.

The Depositary may reimburse the Company for certain expenses incurred by the Company in respect of the ADR program established pursuant to the Deposit Agreement, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as the Company and the Depositary agree from time to time. The Company shall pay to the Depositary such fees and charges, and reimburse the Depositary for such out-of-pocket expenses, as the Depositary and the Company may agree from time to time. Responsibility for payment of such fees, charges and reimbursements may from time to time be changed by agreement between the Company and the Depositary. Unless otherwise agreed, the Depositary shall present its statement for such fees, charges and reimbursements to the Company once every three months. The charges and expenses of the Custodian are for the sole account of the Depositary.

The obligations of Holders and Beneficial Owners to pay ADS fees and charges shall survive the termination of the Deposit Agreement. As to any Depositary, upon the resignation or removal of such Depositary as described in Section 5.4 of the Deposit Agreement, the right to collect ADS fees and charges shall extend for those ADS fees and charges incurred prior to the effectiveness of such resignation or removal.

(12) Title to ADRs. Subject to the limitations contained in the Deposit Agreement and in this ADR, it is a condition of this ADR, and every successive Holder of this ADR by accepting or holding the same consents and agrees, that title to this ADR (and to each Certificated ADS evidenced hereby) shall be transferable upon the same terms as a certificated security under the laws of the State of New York, provided that, in the case of Certificated ADSs, this ADR has been properly endorsed or is accompanied by proper instruments of transfer. Notwithstanding any notice to the contrary, the Depositary and the Company may deem and treat the Holder of this ADR (that is, the person in whose name this ADR is registered on the books of the Depositary) as the absolute owner thereof for all purposes. Neither the Depositary nor the Company shall have any obligation nor be subject to any liability under the Deposit Agreement or this ADR to any holder of this ADR or any Beneficial Owner unless, in the case of a holder of ADSs, such holder is the Holder of this ADR registered on the books of the Depositary or, in the case of a Beneficial Owner, such Beneficial Owner, or the Beneficial Owner's representative, is the Holder registered on the books of the Depositary.

(13) Validity of ADR. The Holder(s) of this ADR (and the ADSs represented hereby) shall not be entitled to any benefits under the Deposit Agreement or be valid or enforceable for any purpose against the Depositary or the Company unless this ADR has been (i) dated, (ii) signed by the manual or facsimile signature of a duly-authorized signatory of the Depositary, (iii) countersigned by the manual or facsimile signature of a duly-authorized signatory of the Registrar, and (iv) registered in the books maintained by the Registrar for the registration of issuances and transfers of ADRs. An ADR bearing the facsimile signature of a duly-authorized signatory of the Depositary or the Registrar, who at the time of signature was a duly authorized signatory of the Depositary or the Registrar, as the case may be, shall bind the Depositary, notwithstanding the fact that such signatory has ceased to be so authorized prior to the delivery of such ADR by the Depositary.

(14) Available Information; Reports; Inspection of Transfer Books.

The Company is subject to the periodic reporting requirements of the Exchange Act and, accordingly, is required to file or furnish certain reports with the Commission. These reports can be retrieved from the Commission's website (www.sec.gov) and can be inspected and copied at the public reference facilities maintained by the Commission located (as of the date of the Deposit Agreement) at 100 F Street, N.E., Washington D.C. 20549. The Depositary shall make available for inspection by Holders at its Principal Office any reports and communications, including any proxy soliciting materials, received from the Company which are both (a) received by the Depositary, the Custodian, or the nominee of either of them as the holder of the Deposited Property and (b) made generally available to the holders of such Deposited Property by the Company.

The Registrar shall keep books for the registration of ADSs which at all reasonable times shall be open for inspection by the Company and by the Holders of such ADSs, provided that such inspection shall not be, to the Registrar's knowledge, for the purpose of communicating with Holders of such ADSs in the interest of a business or object other than the business of the Company or other than a matter related to the Deposit Agreement or the ADSs.

The Registrar may close the transfer books with respect to the ADSs, 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 hereunder, or at the reasonable written request of the Company subject, in all cases, to paragraph (25) and Section 7.8(a) of the Deposit Agreement.

CITIBANK, N.A.
Transfer Agent and Registrar

By: _____
Authorized Signatory

CITIBANK, N.A.
as Depositary

By: _____
Authorized Signatory

The address of the Principal Office of the Depositary is 388 Greenwich Street, New York, New York 10013, U.S.A.

[FORM OF REVERSE OF ADR]

SUMMARY OF CERTAIN ADDITIONAL PROVISIONS

OF THE DEPOSIT AGREEMENT

(15) Dividends and Distributions in Cash, Shares, etc. (a) ***Cash Distributions***: Upon the timely receipt by the Depositary of a notice from the Company that it intends to make a distribution of a cash dividend or other cash distribution, the Depositary shall establish the ADS Record Date upon the terms described in Section 4.9 of the Deposit Agreement. Upon receipt of confirmation of the receipt of (x) any cash dividend or other cash distribution on any Deposited Securities, or (y) proceeds from the sale of any Deposited Property held in respect of the ADSs under the terms of the Deposit Agreement, the Depositary will (i) if any amounts are received in a Foreign Currency, promptly convert or cause to be converted such cash dividend, distribution or proceeds into Dollars (subject to the terms and conditions of Section 4.8 of the Deposit Agreement), (ii) if applicable and unless previously established, establish the ADS Record Date upon the terms described in Section 4.9 of the Deposit Agreement, and (iii) distribute promptly the amount thus received (net of (a) the applicable fees and charges described in the Fee Schedule attached as Exhibit B to the Deposit Agreement and (b) applicable taxes withheld) to the Holders entitled thereto as of the ADS Record Date in proportion to the number of ADSs held as of the ADS Record Date. The Depositary shall distribute only such amount, however, as can be distributed without attributing to any Holder a fraction of one cent, and any balance not so distributed shall be held by the Depositary (without liability for interest thereon) and shall be added to and become part of the next sum received by the Depositary for distribution to Holders of ADSs outstanding at the time of the next distribution. If the Company, the Custodian or the Depositary is required to withhold and does withhold from any cash dividend or other cash distribution in respect of any Deposited Securities, or from any cash proceeds from the sales of Deposited Property, an amount on account of taxes, duties or other governmental charges, the amount distributed to Holders on the ADSs shall be reduced accordingly. Such withheld amounts shall be forwarded by the Company, the Custodian or the Depositary to the relevant governmental authority. Evidence of payment thereof by the Company shall be forwarded by the Company to the Depositary upon request. The Depositary will hold any cash amounts it is unable to distribute in a non-interest bearing account for the benefit of the applicable Holders and Beneficial Owners of ADSs until the distribution can be effected or the funds that the Depositary holds must be escheated as unclaimed property in accordance with the laws of the relevant states of the United States. Notwithstanding anything contained in the Deposit Agreement to the contrary, in the event the Company fails to give the Depositary timely notice of the proposed distribution provided for in Section 4.1 of the Deposit Agreement, the Depositary agrees to use commercially reasonable efforts to perform the actions contemplated in Section 4.1 of the Deposit Agreement, and the Company, the Holders and the Beneficial Owners acknowledge that the Depositary shall have no liability for the Depositary's failure to perform the actions contemplated in Section 4.1 of the Deposit Agreement where such notice has not been so timely given, other than its failure to use commercially reasonable efforts, as provided herein.

(b) ***Share Distributions***: Upon the timely receipt by the Depositary of a notice from the Company that it intends to make a distribution that consists of a dividend in, or free distribution of Shares, the Depositary shall establish the ADS Record Date upon the terms described in Section 4.9 of the Deposit Agreement. Upon receipt of confirmation from the Custodian of the receipt of the Shares so distributed by the Company, the Depositary shall either (i) subject to Section 5.9 of the Deposit Agreement, distribute to the Holders as of the ADS Record Date in proportion to the number of ADSs held as of the ADS Record Date, additional ADSs, which represent in the aggregate the number of Shares received as such dividend, or free distribution, subject to the other terms of the Deposit Agreement (including, without limitation, (a) the applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes), or (ii) if additional ADSs are not so distributed, take all actions necessary so that each ADS issued and outstanding after the ADS Record Date shall, to the extent permissible by law, thenceforth also represent rights and interests in the additional integral number of Shares distributed upon the Deposited Securities represented thereby (net of (a) the applicable fees and charges of, and expenses incurred by, the Depositary, and (b) taxes). In lieu of delivering fractional ADSs, the Depositary shall sell the number of Shares or ADSs, as the case may be, represented by the aggregate of such fractions and distribute the net proceeds upon the terms described in Section 4.1 of the Deposit Agreement. In the event that the Depositary determines that any distribution in property (including Shares) is subject to any tax or other governmental charges which the Depositary is obligated to withhold, or, if the Company in the fulfillment of its obligations under Section 5.7 of the Deposit Agreement, has furnished an opinion of U.S. counsel determining that Shares must be registered under the Securities Act or other laws in order to be distributed to Holders (and no such registration statement has been declared effective), the Depositary may dispose of all or a portion of such property (including Shares and rights to subscribe therefor) in such amounts and in such manner, including by public or private sale, as the Depositary deems necessary and practicable, and the Depositary shall distribute the net proceeds of any such sale (after deduction of (a) taxes and (b) fees and charges of, and the expenses incurred by, the Depositary) to Holders entitled thereto upon the terms of Section 4.1 of the Deposit Agreement. The Depositary shall hold and/or distribute any unsold balance of such property in accordance with the provisions of the Deposit Agreement. Notwithstanding anything contained in the Deposit Agreement to the contrary, in the event the Company fails to give the Depositary timely notice of the proposed distribution provided for in Section 4.1 of the Deposit Agreement, the Depositary agrees to use commercially reasonable efforts to perform the actions contemplated in Section 4.2 of the Deposit Agreement, and the Company, the Holders and the Beneficial Owners acknowledge that the Depositary shall have no liability for the Depositary's failure to perform the actions contemplated in Section 4.2 of the Deposit Agreement where such notice has not been so timely given, other than its failure to use commercially reasonable efforts, as provided herein.

(c) ***Elective Distributions in Cash or Shares***: Upon the timely receipt of a notice indicating that the Company wishes an elective distribution in cash or Shares to be made available to Holders of ADSs upon the terms described in the Deposit Agreement, the Company and the Depositary shall determine in accordance with the Deposit Agreement whether such distribution is lawful and reasonably practicable. The Depositary shall make such elective distribution available to Holders only if (i) the Company shall have timely requested that the elective distribution be made available to Holders, (ii) the Depositary shall have determined that such distribution is reasonably practicable and (iii) the Depositary shall have received reasonably satisfactory documentation within the terms of Section 5.7 of the Deposit Agreement. If the above conditions are satisfied, the Depositary shall, subject to the terms and conditions of the Deposit Agreement, establish the ADS Record Date according to paragraph (17) and Section 4.9 of the Deposit Agreement and establish procedures to enable the Holder hereof to elect to receive the proposed distribution in cash or in additional ADSs. If a Holder elects to receive the distribution in cash, the distribution shall be made as in the case of a distribution in cash. If the Holder hereof elects to receive the distribution in additional ADSs, the distribution shall be made as in the case of a distribution in Shares upon the terms described in the Deposit Agreement. If such elective distribution is not reasonably practicable or if the Depositary did not receive satisfactory documentation set forth in the Deposit Agreement, the Depositary shall establish an ADS Record Date upon the terms of Section 4.9 of the Deposit Agreement and, to the extent permitted by law, distribute to Holders, on the basis of the same determination as is made in the Cayman Islands in respect of the Shares for which no election is made, either (x) cash, upon the terms described in Section 4.1 of the Deposit Agreement or (y) additional ADSs representing such additional Shares, in each case, upon the terms described in Section 4.2 of the Deposit Agreement. Nothing herein or in the Deposit Agreement shall obligate the Depositary to make available to the Holder hereof a method to receive the elective distribution in Shares (rather than ADSs). There can be no assurance that the Holder hereof will be given the opportunity to receive elective distributions on the same terms and conditions as the holders of Shares. Notwithstanding anything contained in the Deposit Agreement to the contrary, in the event the Company fails to give the Depositary timely notice of the proposed distribution provided for in Section 4.3 of the Deposit Agreement, the Depositary agrees to use commercially reasonable efforts to perform the actions contemplated in Section 4.3 of the Deposit Agreement, and the Company, the Holders and the Beneficial Owners acknowledge that the Depositary shall have no liability for the Depositary's failure to perform the actions contemplated in Section 4.3 of the Deposit Agreement where such notice has not been so timely given, other than its failure to use commercially reasonable efforts, as provided herein.

(d) ***Distribution of Rights to Purchase Additional ADSs***: Upon the timely receipt by the Depositary of a notice indicating that the Company wishes rights to subscribe for additional Shares to be made available to Holders of ADSs, the Depositary upon consultation with the Company, shall determine, whether it is lawful and reasonably practicable to make such rights available to the Holders. The Depositary shall make such rights available to any Holders only if (i) the Company shall have timely requested that such rights be made available to Holders, (ii) the Depositary shall have received reasonably satisfactory documentation within the terms of Section 5.7 of the Deposit Agreement, and (iii) the Depositary shall have determined that such distribution of rights is reasonably practicable. If such conditions are not satisfied or if the Company requests that the rights not be made available to Holders of ADSs, the Depositary shall sell the rights as described below. In the event all conditions set forth above are satisfied, the Depositary shall establish the ADS Record Date (upon the terms described in Section 4.9 of the Deposit Agreement) and establish procedures to (x) distribute rights to purchase additional ADSs (by means of warrants or otherwise), (y) enable the Holders to exercise such rights (upon payment of the subscription price and of the applicable (a) fees and charges of, and expenses incurred by, the Depositary and (b) taxes), and (z) deliver ADSs upon the valid exercise of such rights. Nothing herein or in the Deposit Agreement shall obligate the Depositary to make available to the Holders a method to exercise rights to subscribe for Shares (rather than ADSs). If (i) the Company does not timely request the Depositary to make the rights available to Holders or requests that the rights not be made available to Holders, (ii) the Depositary fails to receive reasonably satisfactory documentation within the terms of Section 5.7 of the Deposit Agreement or determines it is not reasonably practicable to make the rights available to Holders, or (iii) any rights made available are not exercised and appear to be about to lapse, the Depositary shall determine whether it is lawful and reasonably practicable to sell such rights, in a riskless principal capacity, at such place and upon such terms (including public and private sale) as it may deem practicable. The Depositary shall, upon such sale, convert and distribute proceeds of such sale (net of applicable (a) fees and charges of, and expenses incurred by, the Depositary and (b) taxes) upon the terms hereof and of Section 4.1 of the Deposit Agreement. If the Depositary is unable to make any rights available to Holders upon the terms described in Section 4.4(a) of the Deposit Agreement or to arrange for the sale of the rights upon the terms described in Section 4.4(b) of the Deposit Agreement, the Depositary shall allow such rights to lapse. The Depositary shall not be liable for (i) any failure to accurately determine whether it may be lawful or practicable to make such rights available to Holders in general or any Holders in particular, (ii) any foreign exchange exposure or loss incurred in connection with such sale or exercise, or (iii) the content of any materials forwarded to the Holders on behalf of the Company in connection with the rights distribution.

Notwithstanding anything herein or in Section 4.4 of the Deposit Agreement to the contrary, if registration (under the Securities Act or any other applicable law) of the rights or the securities to which any rights relate may be required in order for the Company to offer such rights or such securities to Holders and to sell the securities represented by such rights, the Depositary will not distribute such rights to the Holders (i) unless and until a registration statement under the Securities Act (or other applicable law) covering such offering is in effect or (ii) unless the Company furnishes the Depositary opinion(s) of counsel for the Company in the United States and counsel for the Company in any other applicable country in which rights would be distributed, in each case reasonably satisfactory to the Depositary, to the effect that the offering and sale of such securities to Holders and Beneficial Owners are exempt from, or do not require registration under, the provisions of the Securities Act or any other applicable laws.

In the event that the Company, the Depositary or the Custodian shall be required to withhold and does withhold from any distribution of Deposited Property (including rights) an amount on account of taxes or other governmental charges, the amount distributed to the Holders of ADSs shall be reduced accordingly. In the event that the Depositary determines that any distribution of Deposited Property (including Shares and rights to subscribe therefor) is subject to any tax or other governmental charges which the Depositary is obligated to withhold, the Depositary may dispose of all or a portion of such Deposited Property (including Shares and rights to subscribe therefor) in such amounts and in such manner, including by public or private sale, as the Depositary deems necessary and practicable to pay any such taxes or charges.

There can be no assurance that Holders generally, or any Holder in particular, will be given the opportunity to receive or exercise rights on the same terms and conditions as the holders of Shares or be able to exercise such rights. Nothing herein or in the Deposit Agreement shall obligate the Company to file any registration statement in respect of any rights or Shares or other securities to be acquired upon the exercise of such rights.

(e) ***Distributions other than Cash, Shares or Rights to Purchase Shares***: Upon receipt of a notice indicating that the Company wishes property other than cash, Shares or rights to purchase additional Shares to be made to Holders of ADSs, the Depositary shall determine whether such distribution to Holders is lawful and reasonably practicable. The Depositary shall not make such distribution unless (i) the Company shall have requested the Depositary to make such distribution to Holders, (ii) the Depositary shall have received satisfactory documentation contemplated in Section 5.7 of the Deposit Agreement, and (iii) the Depositary shall have determined that such distribution is reasonably practicable. Upon satisfaction of such conditions, the Depositary shall distribute the property so received to the Holders of record, as of the ADS Record Date, in proportion to the number of ADSs held by them respectively and in such manner as the Depositary may deem practicable for accomplishing such distribution (i) upon receipt of payment or net of the applicable fees and charges of, and expenses incurred by, the Depositary, and (ii) net of any taxes withheld. The Depositary may dispose of all or a portion of the property so distributed and deposited, in such amounts and in such manner (including public or private sale) as the Depositary may deem practicable or necessary to satisfy any taxes (including applicable interest and penalties) or other governmental charges applicable to the distribution.

If the conditions above are not satisfied, the Depositary shall sell or cause such property to be sold in a public or private sale, at such place or places and upon such terms as it may deem practicable and shall (i) cause the proceeds of such sale, if any, to be converted into Dollars and (ii) distribute the proceeds of such conversion received by the Depositary (net of applicable (a) fees and charges of, and expenses incurred by, the Depositary and (b) taxes) to the Holders as of the ADS Record Date upon the terms hereof and of Section 4.1 of the Deposit Agreement. If the Depositary is unable to sell such property, the Depositary may dispose of such property for the account of the Holders in any way it deems reasonably practicable under the circumstances.

Neither the Depositary nor the Company shall be responsible for (i) any failure to determine whether it is lawful or practicable to make the property described in Section 4.5 of the Deposit Agreement available to Holders in general or any Holders in particular, nor (ii) any loss incurred in connection with the sale or disposal of such property.

(16) Redemption. Upon timely receipt of notice from the Company that it intends to exercise its right of redemption in respect of any of the Deposited Securities, and satisfactory documentation, and only if the Depositary shall have determined that such proposed redemption is practicable, the Depositary shall provide to each Holder a notice setting forth the Company's intention to exercise the redemption rights and any other particulars set forth in the Company's notice to the Depositary. The Depositary shall instruct the Custodian to present to the Company the Deposited Securities in respect of which redemption rights are being exercised against payment of the applicable redemption price. Upon receipt of confirmation from the Custodian that the redemption has taken place and that funds representing the redemption price have been received, the Depositary shall convert, transfer, and distribute the proceeds (net of applicable (a) fees and charges of, and the expenses incurred by, the Depositary, and (b) taxes), retire ADSs and cancel ADRs, if applicable, upon delivery of such ADSs by Holders thereof and the terms set forth in Sections 4.1 and 6.2 of the Deposit Agreement. If less than all outstanding Deposited Securities are redeemed, the ADSs to be retired will be selected by lot or on a pro rata basis, as may be determined by the Depositary. The redemption price per ADS shall be the dollar equivalent of the per share amount received by the Depositary (adjusted to reflect the ADS(s)-to-Share(s) ratio) upon the redemption of the Deposited Securities represented by ADSs (subject to the terms of Section 4.8 of the Deposit Agreement and the applicable fees and charges of, and expenses incurred by, the Depositary, and taxes) multiplied by the number of Deposited Securities represented by each ADS redeemed.

Notwithstanding anything contained in the Deposit Agreement to the contrary, in the event the Company fails to give the Depositary timely notice of the proposed redemption provided for in Section 4.7 of the Deposit Agreement, the Depositary agrees to use commercially reasonable efforts to perform the actions contemplated in Section 4.7 of the Deposit Agreement, and the Company, the Holders and the Beneficial Owners acknowledge that the Depositary shall have no liability for the Depositary's failure to perform the actions contemplated in Section 4.7 of the Deposit Agreement where such notice has not been so timely given, other than its failure to use commercially reasonable efforts, as provided herein.

(17) Fixing of ADS Record Date. Whenever (a) the Depositary shall receive notice of the fixing of a record date by the Company for the determination of holders of Deposited Securities entitled to receive any distribution (whether in cash, Shares, rights or other distribution), (b) for any reason the Depositary causes a change in the number of Shares that are represented by each ADS, (c) the Depositary shall receive notice of any meeting of, or solicitation of consents or proxies of, holders of Shares or other Deposited Securities, or (d) the Depositary shall find it necessary or convenient in connection with the giving of any notice, solicitation of any consent or any other matter, the Depositary shall fix the record date (the "ADS Record Date") for the determination of the Holders of ADS(s) who shall be entitled to receive such distribution, to give instructions for the exercise of voting rights at any such meeting, to give or withhold such consent, to receive such notice or solicitation or to otherwise take action, or to exercise the rights of Holders with respect to such changed number of Shares represented by each ADS. Subject to applicable law, the terms and conditions of this ADR and Sections 4.1 through 4.8 of the Deposit Agreement, only the Holders of ADSs at the close of business in New York on such ADS Record Date shall be entitled to receive such distribution, to give such voting instructions, or otherwise take action.

(18) **Voting of Deposited Securities**. As soon as practicable after receipt of notice of any meeting at which the holders of Deposited Securities are entitled to vote, or of solicitation of consents or proxies from holders of Deposited Securities, the Depositary shall fix the ADS Record Date in respect of such meeting or solicitation of consent or proxy in accordance with Section 4.9 of the Deposit Agreement. The Depositary shall, if requested by the Company in writing in a timely manner (the Depositary having no obligation to take any further action if the request shall not have been received by the Depositary at least thirty (30) days (or such other number of days as the Depositary and the Company may agree to in writing from time to time) prior to the date of such vote or meeting), at the Company's expense and provided no U.S. legal prohibitions exist, distribute to Holders as of the ADS Record Date: (a) such notice of meeting or solicitation of consent or proxy, (b) a statement that the Holders at the close of business on the ADS Record Date will be entitled, subject to any applicable law, the provisions of the Deposit Agreement, the Articles of Association and the provisions of or governing the Deposited Securities (which provisions, if any, shall be summarized in pertinent part by the Company), to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the Deposited Securities represented by such Holder's ADSs, and (c) a brief statement as to the manner in which such voting instructions may be given.

Notwithstanding anything contained in the Deposit Agreement or any ADR, the Depositary may, to the extent not prohibited by law or regulations, or by the 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 (e.g., by reference to a website containing the materials for retrieval or a contact for requesting copies of the materials).

The Depositary has been advised by the Company that under the Articles of Association as in effect on the date of the Deposit Agreement, voting at any meeting of shareholders of the Company is by show of hands unless (before or on the declaration of the result of the show of hands) a poll is demanded. The Depositary will not join in demanding a poll, whether or not requested to do so by Holders of ADSs. Under the Articles of Association of the Company as in effect on the date of the Deposit Agreement, a poll may be demanded by (a) the chairman of the meeting, (b) any shareholder(s) present in person or by proxy and representing not less than 10% of the total voting rights of all the shareholders having the right to vote on the resolution.

Voting instructions may be given only in respect of a number of ADSs representing an integral number of Deposited Securities. Upon the timely receipt from a Holder of ADSs as of the ADS Record Date of voting instructions in the manner specified by the Depositary, the Depositary shall endeavor, insofar as practicable and permitted under applicable law, the provisions of the Deposit Agreement, the Articles of Association and the provisions of the Deposited Securities, to vote, or cause the Custodian to vote, the Deposited Securities (in person or by proxy) represented by such Holder's ADSs as follows: (a) in the event voting takes place at a shareholders' meeting by a show of hands, the Depositary will instruct the Custodian to vote all Deposited Securities in accordance with the voting instructions received timely from a majority of Holders of ADSs who provided voting instructions, and (b) in the event voting takes place at a shareholders' meeting by poll, the Depositary will instruct the Custodian to vote the Deposited Securities in accordance with the voting instructions timely received from the Holders of ADSs.

If the Depositary does not receive instructions from a Holder as of the ADS Record Date on or before the date established by the Depositary for such purpose and voting is by poll, such Holder shall be deemed, and the Depositary shall (unless otherwise specified in the notice distributed to Holders) deem such Holder, to have instructed the Depositary to give a discretionary proxy to a person designated by the Company to vote the Deposited Securities; provided, however, that no such discretionary proxy shall be given by the Depositary with respect to any matter to be voted upon as to which the Company informs the Depositary that (A) the Company does not wish such proxy to be given, (B) substantial opposition exists, or (C) the rights of holders of Deposited Securities may be materially adversely affected. Neither the Depositary nor the Custodian shall under any circumstances exercise any discretion as to voting and neither the Depositary nor the Custodian shall vote, attempt to exercise the right to vote, or in any way make use of, for purposes of establishing a quorum or otherwise, the Deposited Securities represented by ADSs, except pursuant to and in accordance with the voting instructions timely received from Holders or as otherwise contemplated herein. If the Depositary timely receives voting instructions from a Holder which fail to specify the manner in which the Depositary is to vote the Deposited Securities represented by such Holder's ADSs, the Depositary will deem such Holder (unless otherwise specified in the notice distributed to Holders) to have instructed the Depositary to vote in favor of the items set forth in such voting instructions.

Notwithstanding anything else contained herein, the Depositary shall, if so requested in writing by the Company, represent all Deposited Securities (whether or not voting instructions have been received in respect of such Deposited Securities from Holders as of the ADS Record Date) for the sole purpose of establishing quorum at a meeting of shareholders.

Notwithstanding anything else contained in the Deposit Agreement or any ADR, the Depositary shall not have any obligation to take any action with respect to any meeting, or solicitation of consents or proxies, of holders of Deposited Securities if the taking of such action would violate U.S. laws or if the Depositary has not distributed the materials referred to in the first paragraph of Section 4.10 of the Deposit Agreement. The Company agrees to take any and all actions reasonably necessary to enable Holders and Beneficial Owners to exercise the voting rights accruing to the Deposited Securities and to deliver to the Depositary an opinion of U.S. counsel addressing any actions requested to be taken if so requested by the Depositary.

There can be no assurance that Holders generally or any Holder in particular will receive the notice described above with sufficient time to enable the Holder to return voting instructions to the Depositary in a timely manner.

(19) **Changes Affecting Deposited Securities.** Upon any change in nominal or par value, split up, cancellation, consolidation or any other reclassification of Deposited Securities, or upon any recapitalization, reorganization, merger, consolidation or sale of assets affecting the Company or to which it is a party, any property which shall be received by the Depositary or the Custodian in exchange for, or in conversion of, or replacement of, or otherwise in respect of, such Deposited Securities shall, to the extent permitted by law, be treated as new Deposited Property under the Deposit Agreement, and this ADR shall, subject to the provisions of the Deposit Agreement, this ADR evidencing such ADSs and applicable law, represent the right to receive such additional or replacement Deposited Property. In giving effect to such change, split-up, cancellation, consolidation or other reclassification of Deposited Securities, recapitalization, reorganization, merger, consolidation or sale of assets, the Depositary may, with the Company's approval, and shall, if the Company shall so request, subject to the terms of the Deposit Agreement (including, without limitation, (a) the applicable fees and charges of, and expenses incurred by, the Depositary, and (b) taxes) and receipt of an opinion of counsel to the Company satisfactory to the Depositary that such actions are not in violation of any applicable laws or regulations, (i) issue and deliver additional ADSs as in the case of a stock dividend on the Shares, (ii) amend the Deposit Agreement and the applicable ADRs, (iii) amend the applicable Registration Statement(s) on Form F-6 as filed with the Commission in respect of the ADSs, (iv) call for the surrender of outstanding ADRs to be exchanged for new ADRs, and (v) take such other actions as are appropriate to reflect the transaction with respect to the ADSs. Notwithstanding the foregoing, in the event that any Deposited Property so received may not be lawfully distributed to some or all Holders, the Depositary may, with the Company's approval, and shall, if the Company requests, subject to receipt of an opinion of Company's counsel satisfactory to the Depositary that such action is not in violation of any applicable laws or regulations, sell such Deposited Property at public or private sale, at such place or places and upon such terms as it may deem proper and may allocate the net proceeds of such sales (net of (a) fees and charges of, and expenses incurred by, the Depositary and (b) taxes) for the account of the Holders otherwise entitled to such Deposited Property upon an averaged or other practicable basis without regard to any distinctions among such Holders and distribute the net proceeds so allocated to the extent practicable as in the case of a distribution received in cash pursuant to Section 4.1 of the Deposit Agreement. Neither the Company nor the Depositary shall be responsible for (i) any failure to determine that it may be lawful or practicable to make such Deposited Property available to Holders in general or to any Holder in particular, (ii) any foreign exchange exposure or loss incurred in connection with such sale or (iii) any liability to the purchaser of such Deposited Property; provided that this sentence shall not limit the Company's obligations or liabilities to the Depositary or any "indemnified person" (as defined in Section 5.8 of the Deposit Agreement)

(20) **Exoneration.** Notwithstanding anything contained in the Deposit Agreement or this ADR, neither the Depositary nor the Company shall be obligated to do or perform any act which is inconsistent with the provisions of the Deposit Agreement or incur any liability (to the extent not limited by paragraph (25) hereof and Section 7.8(b) of the Deposit Agreement) (i) if the Depositary, the Custodian, the Company or their respective agents shall be prevented or forbidden from, hindered or delayed in, doing or performing any act or thing required or contemplated by the terms of the Deposit Agreement, by reason of any provision of any present or future law or regulation of the United States, the Cayman Islands or any other country, or of any other governmental authority or regulatory authority or stock exchange, or on account of potential criminal or civil penalties or restraint, or by reason of any provision, present or future, of the Articles of Association or any provision of or governing any Deposited Securities, or by reason of any act of God or other event or circumstance beyond its control (including, without limitation, fire, flood, earthquake, tornado, hurricane, tsunami, explosion, or other natural disaster, nationalization, expropriation, currency restriction, work stoppage, strikes, civil unrest, act of war (whether declared or not) or terrorism, revolution, rebellion, embargo, computer failure, failure of public infrastructure (including communication or utility failure), failure of common carriers, nuclear, cyber or biochemical incident, any pandemic, epidemic or other prevalent disease or illness with an actual or probable threat to human life, any quarantine order or travel restriction imposed by a governmental authority or other competent public health authority, or the failure or unavailability of the United States Federal Reserve Bank (or other central banking system) or DTC (or other clearing system)), (ii) by reason of any exercise of, or failure to exercise, any discretion provided for in the Deposit Agreement or in the Articles of Association or provisions of or governing Deposited Securities, (iii) for any action or inaction in reliance upon the advice of or information from legal counsel, accountants, any person presenting Shares for deposit, any Holder, any Beneficial Owner or authorized representative thereof, or any other person believed by it in good faith to be competent to give such advice or information, (iv) for the inability by a Holder or Beneficial Owner to benefit from any distribution, offering, right or other benefit which is made available to holders of Deposited Securities but is not, under the terms of the Deposit Agreement, made available to Holders of ADSs, (v) for any action or inaction of any clearing or settlement system (and any participant thereof) for the Deposited Property or the ADSs, or (vi) for any consequential or punitive damages (including lost profits) for any breach of the terms of the Deposit Agreement. The Depositary, its controlling persons, its agents, any Custodian and the Company, its controlling persons and its agents may rely and shall be protected in acting upon any written notice, request or other document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(21) **Standard of Care.** The Company and the Depositary assume no obligation and shall not be subject to any liability under the Deposit Agreement or this ADR to any Holder(s) or Beneficial Owner(s), except that the Company and the Depositary agree to perform their respective obligations specifically set forth in the Deposit Agreement or this ADR without negligence or bad faith. Without limitation of the foregoing, neither the Depositary, nor the Company, nor any of their respective controlling persons, or agents, shall be under any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Property or in respect of the ADSs, 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 no Custodian shall be under any obligation whatsoever with respect to such proceedings, the responsibility of the Custodian being solely to the Depositary).

The Depositary and its agents shall not be liable for any failure to carry out any instructions to vote any of the Deposited Securities, or for the manner in which any vote is cast or the effect of any vote, provided that any such action or omission is in good faith and without negligence and in accordance with the terms of the Deposit Agreement. The Depositary shall not incur any liability for any failure to accurately determine that any distribution or action may be lawful or reasonably practicable, for the content of any information submitted to it by 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 Property, for the validity or worth of the Deposited Property, for the value of any Deposited Property or any distribution thereon, for any interest on Deposited Property, for any tax consequences that may result from the ownership of ADSs, Shares or other Deposited Property, for the credit worthiness of any third party, for allowing any rights to lapse upon the terms of the Deposit Agreement, for the failure or timeliness of any notice from the Company, or for any action of or failure to act by, or any information provided or not provided by, DTC or any DTC Participant.

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, provided that in connection with the issue out of which such potential liability arises the Depositary performed its obligations without negligence or bad faith while it acted as Depositary.

The Depositary shall not be liable for any acts or omissions made by a predecessor depositary whether in connection with an act or omission of the Depositary or in connection with any matter arising wholly prior to the appointment of the Depositary or after the removal or resignation of the Depositary, provided that in connection with the issue out of which such potential liability arises the Depositary performed its obligations without negligence or bad faith while it acted as Depositary.

(22) Resignation and Removal of the Depositary; Appointment of Successor Depositary. The Depositary may at any time resign as Depositary under the Deposit Agreement by written notice of resignation delivered to the Company, such resignation to be effective on the earlier of (i) the 90th day after delivery thereof to the Company (whereupon the Depositary shall be entitled to take the actions contemplated in Section 6.2 of the Deposit Agreement), or (ii) the appointment by the Company of a successor depositary and its acceptance of such appointment as provided in the Deposit Agreement. The Depositary may at any time be removed by the Company by written notice of such removal, which removal shall be effective on the later of (i) the 90th day after delivery thereof to the Depositary (whereupon the Depositary shall be entitled to take the actions contemplated in Section 6.2 of the Deposit Agreement), or (ii) upon the appointment by the Company of a successor depositary and its acceptance of such appointment as provided in the Deposit Agreement. 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 be required by the Company to 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 (except as required by applicable law), shall become fully vested with all the rights, powers, duties and obligations of its predecessor (other than as contemplated in Sections 5.8 and 5.9 of the Deposit Agreement). The predecessor depositary, upon payment of all sums due 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 as contemplated in Sections 5.8 and 5.9 of the Deposit Agreement), (ii) duly assign, transfer and deliver all of the Depositary's right, title and interest to the Deposited Property to such successor, and (iii) deliver to such successor a list of the Holders of all outstanding ADSs and such other information relating to ADSs and Holders thereof as the successor may reasonably request. Any such successor depositary shall promptly provide notice of its appointment to such Holders. Any entity into or with which the Depositary may be merged or consolidated shall be the successor of the Depositary without the execution or filing of any document or any further act.

(23) Amendment/Supplement. Subject to the terms and conditions of this paragraph (23), and Section 6.1 of the Deposit Agreement and applicable law, this ADR and any provisions of the Deposit Agreement may at any time and from time to time be amended or supplemented by written agreement between the Company and the Depositary in any respect which they may deem necessary or desirable without the prior written consent of the Holders or Beneficial Owners. Any amendment or supplement which shall impose or increase any fees or charges (other than charges in connection with foreign exchange control regulations, and taxes and other governmental charges, delivery and other such expenses), or which shall otherwise materially prejudice any substantial existing right of Holders or Beneficial Owners, shall not, however, become effective as to outstanding ADSs until the expiration of thirty (30) days after notice of such amendment or supplement shall have been given to the Holders of outstanding ADSs. Notice of any amendment to the Deposit Agreement or any ADR 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 (e.g., upon retrieval from the Commission's, the Depositary's or the Company's website or upon request from the Depositary). The parties hereto agree that 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 or (b) the ADSs to be settled 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 materially prejudice any substantial existing rights of Holders or Beneficial Owners. Every Holder and Beneficial Owner at the time any amendment or supplement so becomes effective shall be deemed, by continuing to hold such ADSs, to consent and agree to such amendment or supplement and to be bound by the Deposit Agreement and this ADR, if applicable, as amended or supplemented thereby. In no event shall any amendment or supplement impair the right of the Holder to surrender such ADS and receive therefor the Deposited Securities represented thereby, except in order to comply with mandatory provisions of applicable law. Notwithstanding the foregoing, if any governmental body should adopt new laws, rules or regulations which would require an amendment of, or supplement to, the Deposit Agreement to ensure compliance therewith, the Company and the Depositary may amend or supplement the Deposit Agreement and this ADR at any time in accordance with such changed laws, rules or regulations. Such amendment or supplement to the Deposit Agreement and this ADR 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 with such laws, rules or regulations.

(24) **Termination.** The Depositary shall, at any time at the written direction of the Company, terminate the Deposit Agreement by distributing notice of such termination to the Holders of all ADSs then outstanding at least thirty (30) days prior to the date fixed in such notice for such termination. If (i) ninety (90) days shall have expired after the Depositary shall have delivered to the Company a written notice of its election to resign, or (ii) ninety (90) days shall have expired after the Company shall have delivered to the Depositary a written notice of the removal of the Depositary, and, in either case, a successor depositary shall not have been appointed and accepted its appointment as provided in Section 5.4 of the Deposit Agreement, the Depositary may terminate the Deposit Agreement by distributing notice of such termination to the Holders of all ADSs then outstanding at least thirty (30) days prior to the date fixed in such notice for such termination. The date so fixed for termination of the Deposit Agreement in any termination notice so distributed by the Depositary to the Holders of ADSs is referred to as the "Termination Date". Until the Termination Date, the Depositary shall continue to perform all of its obligations under the Deposit Agreement, and the Holders and Beneficial Owners will be entitled to all of their rights under the Deposit Agreement. If any ADSs shall remain outstanding after the Termination Date, the Registrar and the Depositary shall not, after the Termination Date, have any obligation to perform any further acts under the Deposit Agreement, except that the Depositary shall, subject, in each case, to the terms and conditions of the Deposit Agreement, continue to (i) collect dividends and other distributions pertaining to Deposited Securities, (ii) sell Deposited Property received in respect of Deposited Securities, (iii) deliver Deposited Securities, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any other Deposited Property, in exchange for ADSs surrendered to the Depositary (after deducting, or charging, as the case may be, in each case, the fees and charges of, and expenses incurred by, the Depositary, and all applicable taxes or governmental charges for the account of the Holders and Beneficial Owners, in each case upon the terms set forth in Section 5.9 of the Deposit Agreement), and (iv) take such actions as may be required under applicable law in connection with its role as Depositary under the Deposit Agreement. At any time after the Termination Date, the Depositary may sell the Deposited Property then held under the Deposit Agreement and shall after such sale hold un-invested the net proceeds of such sale, together with any other cash then held by it under the Deposit Agreement, in an un-segregated account and without liability for interest, for the pro rata benefit of the Holders whose ADSs have not theretofore been surrendered. After making such sale, the Depositary shall be discharged from all obligations under the Deposit Agreement except (i) to account for such net proceeds and other cash (after deducting, or charging, as the case may be, in each case, the fees and charges of, and expenses incurred by, the Depositary, and all applicable taxes or governmental charges for the account of the Holders and Beneficial Owners, in each case upon the terms set forth in Section 5.9 of the Deposit Agreement), and (ii) as may be required at law in connection with the termination of the Deposit Agreement. After the Termination Date, the Company shall be discharged from all obligations under the Deposit Agreement, except for its obligations to the Depositary under Sections 5.8, 5.9 and 7.6 of the Deposit Agreement. The obligations under the terms of the Deposit Agreement of Holders and Beneficial Owners of ADSs outstanding as of the Termination Date shall survive the Termination Date and shall be discharged only when the applicable ADSs are presented by their Holders to the Depositary for cancellation under the terms of the Deposit Agreement (except as specifically provided in the Deposit Agreement).

(25) **Compliance with, and No Disclaimer under, U.S. Securities Laws**. (a) Notwithstanding any provisions in this ADR or the Deposit Agreement to the contrary, the withdrawal or delivery of Deposited Securities will not be suspended by the Company or the Depositary except as would be permitted by Instruction I.A.(1) of the General Instructions to the Form F-6 Registration Statement, as amended from time to time, under the Securities Act.

(b) Each of the parties to the Deposit Agreement (including, without limitation, each Holder and Beneficial Owner) acknowledges and agrees that no provision of the Deposit Agreement or any ADR shall, or shall be deemed to, disclaim any liability under the Securities Act or the Exchange Act, in each case to the extent established under applicable U.S. laws.

(26) No Third Party Beneficiaries/Acknowledgements. The Deposit Agreement is for the exclusive benefit of the parties hereto (and their successors) and shall not be deemed to give any legal or equitable right, remedy or claim whatsoever to any other person, except to the extent specifically set forth in the Deposit Agreement. Nothing in the Deposit Agreement shall be deemed to give rise to a partnership or joint venture among the parties nor establish a fiduciary or similar relationship among the parties. The parties hereto acknowledge and agree that (i) Citibank and its Affiliates may at any time have multiple banking relationships with the Company, the Holders, the Beneficial Owners, and their respective Affiliates, (ii) Citibank and its Affiliates may own and deal in any class of securities of the Company and its Affiliates and in ADSs, and may be engaged at any time in transactions in which parties adverse to the Company, the Holders, the Beneficial Owners or their respective Affiliates may have interests, (iii) the Depositary and its Affiliates may from time to time have in their possession non-public information about the Company, the Holders, the Beneficial Owners, and their respective Affiliates, (iv) nothing contained in the Deposit Agreement shall (a) preclude Citibank or any of its Affiliates from engaging in such transactions or establishing or maintaining such relationships, or (b) obligate Citibank or any of its Affiliates to disclose such information, transactions or relationships, or to account for any profit made or payment received in such transactions or relationships, (v) the Depositary shall not be deemed to have knowledge of any information any other division of Citibank or any of its Affiliates may have about the Company, the Holders, the Beneficial Owners, or any of their respective Affiliates, and (vi) the Company, the Depositary, the Custodian and their respective agents and controlling persons may be subject to the laws and regulations of jurisdictions other than the U.S. and the Cayman Islands, and the authority of courts and regulatory authorities of such other jurisdictions, and, consequently, the requirements and the limitations of such other laws and regulations, and the decisions and orders of such other courts and regulatory authorities, may affect the rights and obligations of the parties to the Deposit Agreement.

(27) Governing Law / Waiver of Jury Trial. The Deposit Agreement, the ADRs and the ADSs shall be interpreted in accordance with, and all rights hereunder and thereunder and provisions hereof and thereof shall be governed by, the laws of the State of New York without reference to the principles of choice of law thereof. Notwithstanding anything contained in the Deposit Agreement to the contrary, any ADR or any present or future provisions of the laws of the State of New York, the rights of holders of Shares and of any other Deposited Securities and the obligations and duties of the Company in respect of the holders of Shares and other Deposited Securities, as such, shall be governed by the laws of the Cayman Islands (or, if applicable, such other laws as may govern the Deposited Securities).

EACH OF THE PARTIES TO THE DEPOSIT AGREEMENT (INCLUDING, WITHOUT LIMITATION, EACH HOLDER AND BENEFICIAL OWNER) IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING AGAINST THE COMPANY AND/OR THE DEPOSITARY ARISING OUT OF, OR RELATING TO, THE DEPOSIT AGREEMENT, ANY ADR AND ANY TRANSACTIONS CONTEMPLATED THEREIN (WHETHER BASED ON CONTRACT, TORT, COMMON LAW OR OTHERWISE).

(ASSIGNMENT AND TRANSFER SIGNATURE LINES)

FOR VALUE RECEIVED, the undersigned Holder hereby sell(s), assign(s) and transfer(s) unto _____ whose taxpayer identification number is _____ and whose address including postal zip code is _____, the within ADR and all rights thereunder, hereby irrevocably constituting and appointing _____ attorney-in-fact to transfer said ADR on the books of the Depositary with full power of substitution in the premises.

Dated: Name: _____

By:

Title:

NOTICE: The signature of the Holder to this assignment must correspond with the name as written upon the face of the within instrument in every particular, without alteration or enlargement or any change whatsoever.

If the endorsement be executed by an attorney, executor, administrator, trustee or guardian, the person executing the endorsement must give his/her full title in such capacity and proper evidence of authority to act in such capacity, if not on file with the Depositary, must be forwarded with this ADR.

_____

SIGNATURE GUARANTEED

All endorsements or assignments of ADRs must be guaranteed by a member of a Medallion Signature Program approved by the Securities Transfer Association, Inc.

Legends

[The ADRs issued in respect of Partial Entitlement American Depositary Shares shall bear the following legend on the face of the ADR: "This ADR evidences ADSs representing 'partial entitlement' Shares of the Company and as such do not entitle the holders thereof to the same per-share entitlement as other Shares (which are 'full entitlement' Shares) issued and outstanding at such time. The ADSs represented by this ADR shall entitle holders to distributions and entitlements identical to other ADSs when the Shares represented by such ADSs become 'full entitlement' Shares."]

EXHIBIT B

FEE SCHEDULE

ADS FEES AND RELATED CHARGES

All capitalized terms used but not otherwise defined herein shall have the meaning given to such terms in the Deposit Agreement. Except as otherwise specified herein, any reference to ADSs herein includes Partial Entitlement ADSs, Full Entitlement ADSs, Certificated ADSs, Uncertificated ADSs, and Restricted ADSs.

I. ADS Fees

The following ADS fees are payable under the terms of the Deposit Agreement:

Service	Rate	By Whom Paid
(1) Issuance of ADSs (*e.g.*, an issuance upon a deposit of Shares, upon a change in the ADS(s)-to-Share(s) ratio, or for any other reason), excluding issuances as a result of distributions described in paragraph (4) below.	Up to U.S. $5.00 per 100 ADSs (or fraction thereof) issued.	Person for whom ADSs are issued.
(2) Cancellation of ADSs (*e.g.*, a cancellation of ADSs for Delivery of deposited Shares, upon a change in the ADS(s)-to-Share(s) ratio, or for any other reason).	Up to U.S. $5.00 per 100 ADSs (or fraction thereof) cancelled.	Person for whom ADSs are being cancelled.
(3) Distribution of cash dividends or other cash distributions (*e.g.*, upon a sale of rights and other entitlements).	Up to U.S. $5.00 per 100 ADSs (or fraction thereof) held.	Person to whom the distribution is made.
(4) Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) an exercise of rights to purchase additional ADSs.	Up to U.S. $5.00 per 100 ADSs (or fraction thereof) held.	Person to whom the distribution is made.
(5) Distribution of securities other than ADSs or rights to purchase additional ADSs (*e.g.*, spin-off shares).	Up to U.S. $5.00 per 100 ADSs (or fraction thereof) held.	Person to whom the distribution is made.

(6) ADS Services.	Up to U.S. $5.00 per 100 ADSs (or fraction thereof) held on the applicable record date(s) established by the Depositary.	Person holding ADSs on the applicable record date(s) established by the Depositary.
(7) Registration of ADS Transfers (*e.g.*, upon a registration of the transfer of registered ownership of ADSs, upon a transfer of ADSs into DTC and *vice versa*, or for any other reason).	Up to U.S. $5.00 per 100 ADSs (or fraction thereof) transferred.	Person for whom or to whom ADSs are transferred.
(8) Conversion of ADSs of one series for ADSs of another series (*e.g.*, upon conversion of Partial Entitlement ADSs for Full Entitlement ADSs, or upon conversion of Restricted ADSs into freely transferable ADSs, and *vice versa*).	Up to U.S. $5.00 per 100 ADSs (or fraction thereof) converted.	Person for whom ADSs are converted or to whom the converted ADSs are delivered.

II. Charges

The Company, Holders, Beneficial Owners, persons depositing Shares or withdrawing Deposited Securities in connection with ADS issuances and cancellations, and persons for whom ADSs are issued or cancelled shall be responsible for the following ADS charges under the terms of the Deposit Agreement:

(i) taxes (including applicable interest and penalties) and other governmental charges;

(ii) such registration fees as may from time to time be in effect for the registration of Shares or other Deposited Securities on the share register and applicable to transfers of Shares or other Deposited Securities to or from the name of the Custodian, the Depositary or any nominees upon the making of deposits and withdrawals, respectively;

(iii) such cable, telex and facsimile transmission and delivery expenses as are expressly provided in the Deposit Agreement to be at the expense of the person depositing Shares or withdrawing Deposited Property or of the Holders and Beneficial Owners of ADSs;

(iv) in connection with the conversion of Foreign Currency, the fees, expenses, spreads, taxes and other charges of the Depositary and/or conversion service providers (which may be a division, branch or Affiliate of the Depositary). Such fees, expenses, spreads, taxes, and other charges shall be deducted from the Foreign Currency;

(v) any reasonable and customary out-of-pocket expenses incurred in such conversion and/or on behalf of the Holders and Beneficial Owners in complying with currency exchange control or other governmental requirements; and

(vi) the fees, charges, costs and expenses incurred by the Depositary, the Custodian, or any nominee in connection with the ADR program.

The above fees and charges may at any time and from time to time be changed by agreement between the Company and the Depositary.

SUBSCRIPTION AGREEMENT

THIS SUBSCRIPTION AGREEMENT (this "Agreement"), dated as of June 5, 2020, is entered into by and between:

(1) Burning Rock Biotech Limited, a company incorporated in the Cayman Islands (the "Company"); and

(2) LAKE BLEU PRIME HEALTHCARE MASTER FUND LIMITED, a company incorporated in the Cayman Islands (the "Purchaser").

The Purchaser and the Company are sometimes each referred to herein as a "Party," and collectively as the "Parties."

W I T N E S S E T H:

WHEREAS, the Company has filed a registration statement on Form F-1 on May 22, 2020 (as may be amended from time to time, the "Registration Statement") with the United States Securities and Exchange Commission (the "SEC") in connection with the initial public offering (the "Offering") by the Company of American Depositary Shares ("ADS") representing class A ordinary shares ("Class A Ordinary Shares") of the Company as specified in the Registration Statement; and

WHEREAS, the Purchaser wishes to invest in the Company by acquiring Class A Ordinary Shares in the Company in a transaction exempt from registration pursuant to Regulation S ("Regulation S") of the U.S. Securities Act of 1933, as amended (the "Securities Act");

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises hereinafter set forth, the Parties hereto agree as follows:

ARTICLE I
PURCHASE AND SALE

Section 1.1. Issuance, Sale and Purchase of Class A Ordinary Shares. Upon the terms and subject to the conditions of this Agreement, the Purchaser hereby agrees to purchase, and the Company hereby agrees to issue, sell and deliver to the Purchaser, at the Closing (as defined below), such number of Class A Ordinary Shares that is equal to the quotient of the Purchase Price (as defined below) divided by the Offer Price (as defined below) (the "Purchased Shares") at a price per Class A Ordinary Share equal to the Offer Price and for an aggregate purchase price of US$25 million (the "Purchase Price"), free and clear of all liens or encumbrances (except for restrictions arising under the Securities Act or created by virtue of this Agreement or the Lock-up Agreement (as defined below)); provided, however, that (a) no fractional shares of Class A Ordinary Shares will be issued as Purchased Shares, (b) any fractions shall be rounded down to the nearest whole number of Class A Ordinary Shares, and (c) the Purchase Price will be reduced by the value of any such fractional share (as calculated on the basis of the Offer Price). The "Offer Price" means the price per ADS set forth on the cover of the Company's final prospectus in connection with the Offering divided by the number of Class A Ordinary Shares represented by one ADS. The purchase, issuance, sale and delivery of the Purchased Shares shall be made pursuant to and in reliance upon Regulation S.

Section 1.2. Closing.

(a) Closing. Subject to Section 1.3, the closing (the "Closing") of the sale and purchase of the Purchased Shares pursuant to Section 1.1 shall take place concurrently with the closing of the Offering at the same offices for the closing of the Offering or at such other place as the Company and the Purchaser may mutually agree with respect to the Purchased Shares. The date and time of the Closing are referred to herein as the "Closing Date."

(b) Payment and Delivery. At the Closing:

(i) the Purchaser shall pay and deliver the Purchase Price to the Company in U.S. dollars by wire transfer, or by such other method mutually agreeable to the Parties, of immediately available funds to such bank account designated in writing by the Company; and

(ii) the Company shall deliver one or more duly executed share certificates in original form, registered in the name of the Purchaser, together with a certified true copy of the register of members of the Company, evidencing the Purchased Shares being issued and sold to the Purchaser.

(c) Restrictive Legend. The certificate representing Purchased Shares shall be endorsed with the following legend:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (AS AMENDED, THE "ACT") OR UNDER THE SECURITIES LAWS OF ANY STATE. THIS SECURITY MAY NOT BE TRANSFERRED, SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED: (A) IN THE ABSENCE OF (1) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT, (2) AN EXEMPTION OR QUALIFICATION UNDER THE ACT AND OTHER APPLICABLE SECURITIES LAWS OR (3) DELIVERY TO THE COMPANY OF AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED; AND (B) WITHIN THE UNITED STATES OR TO ANY U.S. PERSON, AS EACH OF THOSE TERMS IS DEFINED IN REGULATION S UNDER THE ACT, DURING THE 40 DAYS FOLLOWING CLOSING OF THE PURCHASE. ANY ATTEMPT TO TRANSFER, SELL, PLEDGE OR HYPOTHECATE THIS SECURITY IN VIOLATION OF THESE RESTRICTIONS SHALL BE VOID.

Section 1.3. Closing Conditions.

(a) Conditions to the Purchaser's Obligations to Effect the Closing. The obligation of the Purchaser to purchase and pay for its Purchased Shares as contemplated by this Agreement is subject to the satisfaction, on or before the Closing Date, of the following conditions, any of which may be waived in writing by the Purchaser in its sole discretion:

(i) All corporate and other actions required to be taken by the Company in connection with the issuance, sale and delivery of the Purchased Shares (including registration of such issuance of the Purchased Shares in the register of members of the Company) shall have been completed.

(ii) The representations and warranties of the Company to the Purchaser contained in Section 2.1 of this Agreement shall have been true and correct on the date of this Agreement and true and correct in all material respects on and as of the Closing Date (except the representations and warranties contained in Section 2.1(i) shall be true and correct in all respects on and as of the Closing Date); and the Company shall have performed and complied in all material respects with all, and not be in breach or default in any material respects under any, agreements, covenants, conditions and obligations contained in this Agreement that are required to be performed or complied with on or before the Closing Date.

(iii) No governmental authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any law (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins, prevents, prohibits or otherwise makes illegal the consummation of the transactions contemplated by this Agreement, or imposes any damages or penalties in connection with the transactions contemplated by this Agreement that are substantial in relation to the Company; and no action, suit, proceeding or investigation shall have been instituted by a governmental authority of competent jurisdiction or threatened that seeks to restrain, enjoin, prevent, prohibit or otherwise make illegal the consummation of the transactions contemplated by this Agreement, or imposes any damages or penalties in connection with the transactions contemplated by this Agreement that are substantial in relation to the Company.

(iv) The Offering shall have been, or shall concurrently with the Closing be, completed.

(v) The ADSs shall have been listed on the NASDAQ Global Market ("Nasdaq") subject to official notice of issuance.

(vi) The underwriting agreement relating to the Offering shall have been entered into and have become effective.

(b) Conditions to the Company's Obligations to Effect the Closing. The obligation of the Company to issue and sell the Purchased Shares to the Purchaser as contemplated by this Agreement is subject to the satisfaction, on or before the Closing Date, of each of the following conditions:

(i) The Lock-up Agreement shall have been executed and delivered by the Purchaser to the representatives of the underwriters for the Offering.

(ii) All corporate and other actions required to be taken by the Purchaser in connection with the purchase of the Purchased Shares shall have been completed.

(iii) The representations and warranties of the Purchaser to the Company contained in Section 2.2 of this Agreement shall have been true and correct on the date of this Agreement and in all material respects on and as of the Closing Date; and the Purchaser shall have performed and complied in all material respects with all, and not be in breach or default in any material respect under any, agreements, covenants, conditions and obligations contained in this Agreement that are required to be performed or complied with by the Purchaser on or before the Closing Date.

(iv) No governmental authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any law (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins, prevents, prohibits or otherwise makes illegal the consummation of the transactions contemplated by this Agreement, or imposes any damages or penalties in connection with the transactions contemplated by this Agreement that are substantial in relation to the Company; and no action, suit, proceeding or investigation shall have been instituted by a governmental authority of competent jurisdiction or threatened that seeks to restrain, enjoin, prevent, prohibit or otherwise make illegal the consummation of the transactions contemplated by this Agreement, or imposes any damages or penalties in connection with the transactions contemplated by this Agreement that are substantial in relation to the Company.

ARTICLE II
REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations and Warranties of the Company. The Company hereby represents and warrants to the Purchaser as follows:

(a) Due Formation. The Company is a company duly incorporated as an exempted company with limited liability, validly existing and in good standing under the laws of the Cayman Islands. The Company has all requisite power and authority to carry on its business as it is currently being conducted.

(b) Authority. The Company has full power and authority to enter into, execute and deliver this Agreement and each agreement, certificate, document and instrument to be executed and delivered by the Company pursuant to this Agreement and to perform its obligations hereunder. The execution and delivery by the Company of this Agreement and any agreements, certificates, documents and instruments to be executed and delivered by the Company pursuant to this Agreement, and the performance by the Company of its obligations hereunder, have been duly authorized by all requisite actions on its part.

(c) Valid Agreement. This Agreement has been duly executed and delivered by the Company and constitutes the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

(d) Capitalization.

(i) All outstanding shares of capital stock of the Company and all outstanding shares of capital stock of each of the Company's subsidiaries and consolidated affiliated entities (each a "Subsidiary" and collectively "Subsidiaries") have been issued in compliance with (x) all applicable Securities Laws and other applicable laws and (y) all requirements set forth in applicable contracts, without violation of any preemptive rights, rights of first refusal or other similar rights. "Securities Laws" means the Securities Act, the U.S. Securities Exchange Act of 1934, as amended, the listing rules of, or any listing agreement with the Nasdaq and any other applicable law regulating securities or takeover matters.

(ii) The rights of the Class A Ordinary Shares to be issued to the Purchaser as Purchased Shares are as stated in the Tenth Amended and Restated Memorandum and Articles of Association of the Company as set out in Exhibit 3.2 of the Registration Statement.

(e) Due Issuance of the Purchased Shares. The Purchased Shares have been duly authorized and, when issued and delivered to and paid for by the Purchaser pursuant to this Agreement, will be validly issued, fully paid and non-assessable and free and clear of any pledge, mortgage, security interest, encumbrance, lien, charge, assessment, right of first refusal, right of pre-emption, third party right or interest, claim or restriction of any kind or nature, except for restrictions arising under the Securities Act or created by virtue of this Agreement or the Lock-up Agreement and upon delivery and entry into the register of members of the Company will transfer to the Purchaser good and valid title to its Purchased Shares.

(f) Noncontravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will (i) violate any provision of the organizational documents of the Company or its Subsidiaries or violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental entity or court to which the Company or its Subsidiaries is subject, or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of or creation of an encumbrance under, or create in any party the right to accelerate, terminate, modify, or cancel, any agreement, contract, lease, license, instrument, or other arrangement to which the Company or its Subsidiaries is a party or by which the Company or its Subsidiaries is bound or to which any of the Company's or its Subsidiaries' assets are subject. There is no action, suit or proceeding, pending or threatened against the Company or its Subsidiaries that questions the validity of this Agreement or the right of the Company to enter into this Agreement or to consummate the transactions contemplated hereby.

(g) Consents and Approvals. Neither the execution and delivery by the Company of this Agreement, nor the consummation by the Company of any of the transactions contemplated hereby, nor the performance by the Company of this Agreement in accordance with its terms requires the consent, approval, order or authorization of, or registration with, or the giving notice to, any governmental or public body or authority or any third party, except such as have been or will have been obtained, made or given on or prior to the Closing Date.

(h) Compliance with Laws. The business of the Company or its Subsidiaries is not being conducted in violation of any law or government order applicable to the Company and its Subsidiaries except for violations which do not and would not have a Material Adverse Effect. As used herein, "Material Adverse Effect" shall mean any event, fact, circumstance or occurrence that, individually or in the aggregate with any other events, facts, circumstances or occurrences, results in or would reasonably be expected to result in a material adverse change in or a material adverse effect on (i) the financial condition, assets, liabilities, results of operations, business, or operations of the Company or its Subsidiaries taken as a whole, except to the extent that any such Material Adverse Effect results from (x) changes in generally accepted accounting principles that are generally applicable to comparable companies or (y) changes in general economic and market conditions; or (ii) the ability of the Company to consummate the transactions contemplated by this Agreement.

(i) SEC Filings. Prior to the Closing, the Registration Statement, as supplemented or amended, shall have been declared effective by the SEC. The Registration Statement, including the prospectus therein, conforms and will conform, in all material respects to the requirements of the Securities Act and the rules and regulations of the SEC thereunder and does not, as of the date hereof, and will not, as of the applicable effective date, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. Except for pricing information for the Offering, the Registration Statement, in the form in which it is declared effective by the SEC, will not contain any information that describes a fact, event, occurrence or result that is materially adverse to the Company and that is not described in the draft Registration Statement provided to the Purchaser for its review prior to entering into this Agreement.

(j) Regulation S. No directed selling efforts (as defined in Rule 902 of Regulation S under the Securities Act) have been made by any of the Company, any of its affiliates or any person acting on its behalf with respect to any Purchased Shares that are not registered under the Securities Act; and none of such persons has taken any actions that would result in the sale of the Purchased Shares to the Purchaser under this Agreement requiring registration under the Securities Act; and the Company is a "foreign issuer" (as defined in Regulation S).

(k) Events Subsequent to Most Recent Fiscal Period. Since March 31, 2020 until the date hereof and to the Closing Date, there has not been any event, fact, circumstance or occurrence that has had or would reasonably be expected to have a Material Adverse Effect.

(l) Litigation. There are no actions by or against the Company or its Subsidiaries or affecting the business or any of the assets of the Company or its Subsidiaries pending before any governmental authority, or, to the Company's knowledge, threatened to be brought by or before any governmental authority, that has had or would reasonably be expected to have a Material Adverse Effect.

Section 2.2. Representations and Warranties of the Purchaser. The Purchaser hereby represents and warrants, to the Company as follows:

(a) Due Formation. The Purchaser is duly formed, validly existing and in good standing in the jurisdiction of its organization. The Purchaser has all requisite power and authority to carry on its business as it is currently being conducted.

(b) Authority. The Purchaser has full power and authority to enter into, execute and deliver this Agreement and each agreement, certificate, document and instrument to be executed and delivered by the Purchaser pursuant to this Agreement and to perform its obligations hereunder. The execution and delivery by the Purchaser of this Agreement and any agreements, certificates, documents and instruments to be executed and delivered by the Purchaser pursuant to this Agreement, and the performance by the Purchaser of its obligations hereunder have been duly authorized by all requisite actions on its part.

(c) Valid Agreement. This Agreement has been duly executed and delivered by the Purchaser and constitutes the legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

(d) Noncontravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will (i) violate any provision of the organizational documents of the Purchaser or violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental entity or court to which the Purchaser is subject, or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of or creation of an encumbrance under, or create in any party the right to accelerate, terminate, modify, or cancel, any agreement, contract, lease, license, instrument, or other arrangement to which the Purchaser is a party or by which the Purchaser is bound or to which any of the Purchaser's assets are subject, in each case of the foregoing (i) and (ii), in such a manner that would materially and adversely affect the Purchaser's ability to consummate the transactions contemplated hereby. There is no action, suit or proceeding, pending or threatened against the Purchaser that questions the validity of this Agreement or the right of the Purchaser to enter into this Agreement or to consummate the transactions contemplated hereby.

(e) Consents and Approvals. Neither the execution and delivery by the Purchaser of this Agreement, nor the consummation by the Purchaser of any of the transactions contemplated hereby, nor the performance by the Purchaser of this Agreement in accordance with its terms requires the consent, approval, order or authorization of, or registration with, or the giving notice to, any governmental or public body or authority or any third party, except such as have been or will have been obtained, made or given on or prior to the Closing Date.

(f) Status and Investment Intent.

(i) Experience. The Purchaser has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its investment in its Purchased Shares. The Purchaser is capable of bearing the economic risks of such investment, including a complete loss of its investment.

(ii) Purchase Entirely for Own Account. The Purchaser is acquiring its Purchased Shares for its own account for investment purposes only and not with the view to, or with any intention of, resale, distribution or other disposition thereof. The Purchaser does not have any direct or indirect arrangement, or understanding with any other persons to distribute, or regarding the distribution of the Purchased Shares in violation of the Securities Act or any other applicable state securities law.

(iii) Solicitation. The Purchaser (x) was not identified or contacted through the marketing of the Offering and (y) did not contact the Company as a result of any general solicitation.

(iv) Information. The Purchaser has been furnished access to all materials and information the Purchaser has requested relating to the Company and its Subsidiaries and other due diligence documents in order to evaluate the transactions contemplated by this Agreement. The Purchaser has consulted to the extent deemed appropriate by the Purchaser with the Purchaser's own advisers as to the financial, tax, legal and related matters concerning an investment in its Purchased Shares. The Purchaser has not been provided with any projections, definitive valuations, targets, or any forward-looking, material non-public information that the Company has not included, or does not intend to include, in its IPO prospectus.

(v) Not U.S. Person. The Purchaser is not a "U.S. person" as defined in Rule 902 of Regulation S.

(vi) Offshore Transaction. The Purchaser has been advised and acknowledges that in issuing Purchased Shares to the Purchaser pursuant hereto, the Company is relying upon the exemption from registration provided by Regulation S. The Purchaser is acquiring its Purchased Shares in an offshore transaction in reliance upon the exemption from registration provided by Regulation S.

(vii) FINRA. The Purchaser does not, directly or indirectly, own more than five per cent of the outstanding common stock (or other voting securities) of any member of the Financial Industry Regulatory Authority, Inc. ("FINRA") or a holding company for a FINRA member, and is not otherwise a "restricted person" for the purposes of the Free-Riding and Withholding Interpretation of FINRA.

ARTICLE III
COVENANTS

Section 3.1. Lock-up. The Purchaser shall, at or prior to the Closing, enter into a lock-up agreement (the "Lock-up Agreement") in the form set forth in Exhibit A hereto.

Section 3.2. Distribution Compliance Period. The Purchaser agrees not to resell, pledge or transfer any Purchased Shares within the United States or to any U.S. Person, as each of those terms is defined in Regulation S, during the 40 days following the Closing Date.

Section 3.3. Further Assurances. From the date of this Agreement until the Closing Date, the Company and the Purchaser shall use their reasonable best efforts to fulfill or obtain the fulfillment of the conditions precedent to the consummation of the transactions contemplated hereby.

Section 3.4. Investment Restrictions. The Purchaser shall not, and shall ensure that its affiliates do not, directly or indirectly, purchase any shares or otherwise invest in the initial public offering of Genetron Holdings Limited. The Purchaser agrees not to circumvent or otherwise avoid the investment restrictions or the intent thereof set forth in this section, whether by investing through nominee holders or special purpose funds or vehicles (which shall be deemed indirect investments for purposes hereof), or otherwise.

ARTICLE IV
INDEMNIFICATION

Section 4.1. Indemnification. Each of the Company and the Purchaser (an "Indemnifying Party") shall indemnify and hold each other and their directors, officers, employees, advisors and agents (collectively, the "Indemnified Party") harmless from and against any losses, claims, damages, fines, expenses and liabilities of any kind or nature whatsoever, including but not limited to any investigative, legal and other expenses incurred in connection with, and any amounts paid in settlement of, any pending or threatened legal action or proceeding, and any taxes or levies that may be payable by such person by reason of the indemnification of any indemnifiable loss hereunder (collectively, "Losses") resulting from or arising out of: (a) the breach of any representation or warranty of such Indemnifying Party contained in this Agreement or in any schedule or exhibit hereto; or (b) the violation or nonperformance, partial or total, of any covenant or agreement of such Indemnifying Party contained in this Agreement for reasons other than gross negligence or willful misconduct of such Indemnified Party. In calculating the amount of any Losses of an Indemnified Party hereunder, there shall be subtracted the amount of any insurance proceeds and third-party payments received by the Indemnified Party with respect to such Losses, if any.

Section 4.2. Third Party Claims.

(a) If any third party shall notify any Indemnified Party in writing with respect to any matter involving a claim by such third party (a "Third Party Claim") which such Indemnified Party believes would give rise to a claim for indemnification against the Indemnifying Party under this Article IV, then the Indemnified Party shall promptly (i) notify the Indemnifying Party thereof in writing within thirty (30) days of receipt of notice of such claim and (ii) transmit to the Indemnifying Party a written notice ("Claim Notice") describing in reasonable detail the nature of the Third Party Claim, a copy of all papers served with respect to such claim (if any), and the basis of the Indemnified Party's request for indemnification under this Agreement.

(b) Upon receipt of a Claim Notice with respect to a Third Party Claim, the Indemnifying Party shall have the right to assume the defense of any Third Party Claim by, within (30) days of receipt of the Claim Notice, notifying the Indemnified Party in writing that the Indemnifying Party elects to assume the defense of such Third Party Claim, and upon delivery of such notice by the Indemnifying Party, the Indemnifying Party shall have the right to fully control and settle the proceeding, provided, that, any such settlement or compromise shall be permitted hereunder only with the written consent of the Indemnified Party.

(c) If requested by the Indemnifying Party, the Indemnified Party shall, at the sole cost and expense of the Indemnifying Party, cooperate with the Indemnifying Party and its counsel in contesting any Third Party Claim which the Indemnifying Party elects to contest, including the making of any related counterclaim against the person asserting the Third Party Claim or any cross complaint against any person. The Indemnified Party shall have the right to receive copies of all pleadings, notices and communications with respect to any Third Party Claim, other than any privileged communications between the Indemnifying Party and its counsel, and shall be entitled, at its sole cost and expense, to retain separate co-counsel and participate in, but not control, any defense or settlement of any Third Party Claim assumed by the Indemnifying Party pursuant to Section 4.2(b).

(d) In the event of a Third Party Claim for which the Indemnifying Party elects not to assume the defense or fails to make such an election within 30 days of receipt of the Claim Notice, the Indemnified Party may, at its option, defend, settle, compromise or pay such action or claim at the expense of the Indemnifying Party; provided, that, any such settlement or compromise shall be permitted hereunder only with the written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed.

Section 4.3. Other Claims. In the event any Indemnified Party should have a claim against the Indemnifying Party hereunder which does not involve a Third Party Claim, the Indemnified Party shall promptly transmit to the Indemnifying Party a written notice (the "Indemnity Notice") describing in reasonable detail the nature of the claim, the Indemnified Party's best estimate of the amount of Losses attributable to such claim and the basis of the Indemnified Party's request for indemnification under this Agreement. If the Indemnifying Party does not notify the Indemnified Party within thirty (30) days from its receipt of the Indemnity Notice that the Indemnifying Party disputes such claim, the Indemnifying Party shall be deemed to have accepted and agreed with such claim.

Section 4.4. Cap. Notwithstanding the foregoing, except in cases involving fraud, intentional misconduct or gross negligence of any Indemnifying Party, the Indemnifying Party shall have no liability (for indemnification or otherwise) with respect to any Losses in excess of the applicable Purchase Price.

ARTICLE V
MISCELLANEOUS

Section 5.1. Survival of the Representations and Warranties. All representations and warranties made by any Party hereto shall survive for two years and shall terminate and be without further force or effect on the second anniversary of the date hereof, except as to (i) any claims thereunder which have been asserted in writing pursuant to Section 4.1 against the Party making such representations and warranties on or prior to such second anniversary, and (ii) the Company's representations contained in Section 2.1(a), (b), (c), (d) and (e) hereof, each of which shall survive indefinitely.

Section 5.2. Governing Law; Arbitration. This Agreement shall be governed and interpreted in accordance with the laws of the State of New York without giving effect to the conflicts of law principles thereof. Any dispute arising out of or relating to this Agreement, including any question regarding its existence, validity or termination ("Dispute") shall be referred to and finally resolved by arbitration at the Hong Kong International Arbitration Centre in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules then in force. There shall be three arbitrators. Each Party has the right to appoint one arbitrator and the third arbitrator shall be appointed by the Hong Kong International Arbitration Centre. The language to be used in the arbitration proceedings shall be English. The seat of arbitration shall be Hong Kong. Each of the Parties irrevocably waives any immunity to jurisdiction to which it may be entitled or become entitled (including without limitation sovereign immunity, immunity to pre-award attachment, post-award attachment or otherwise) in any arbitration proceedings and/or enforcement proceedings against it arising out of or based on this Agreement or the transactions contemplated hereby.

Section 5.3. Amendment. This Agreement shall not be amended, changed or modified, except by another agreement in writing executed by the Parties hereto.

Section 5.4. Binding Effect. This Agreement shall inure to the benefit of, and be binding upon, the Purchaser, the Company, and their respective heirs, successors and permitted assigns.

Section 5.5. Assignment. Neither this Agreement nor any of the rights, duties or obligations hereunder may be assigned by the Company or the Purchaser without the express written consent of the other Party, except that a Purchaser may assign all or any part of its rights and obligations hereunder to any affiliate of the Purchaser without the consent of the Company, provided that no such assignment shall relieve the Purchaser of its obligations hereunder if such assignee does not perform such obligations. Any purported assignment in violation of the foregoing sentence shall be null and void.

Section 5.6. Notices. All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed to have been duly given on the date of actual delivery if delivered personally to the Party hereto to whom notice is to be given, on the date sent if sent by telecopier, tested telex or prepaid telegram, on the next business day following delivery to Federal Express properly addressed or on the day of attempted delivery by the U.S. Postal Service if mailed by registered or certified mail, return receipt requested, postage paid, and properly addressed as follows:

If to the Company, at:	Burning Rock Biotech Limited 601, 6/F, Building 3, Standard Industrial Unit 2, No. 7, Luoxuan 4th Road International Bio Island, Guangzhou, 510005 People's Republic of China Attention: LI Jinxiang Leo Email: leo.li@brbiotech.com
If to the Purchaser, at:	LAKE BLEU PRIME HEALTHCARE MASTER FUND LIMITED 1202-03, 12/f, Wheelock House, 20 Pedder Street, Central, Hong Kong Attention: Mr. Michael SUN Email: compliance@lakebleu-cap.com

Any Party hereto may change its address for purposes of this Section 5.6 by giving the other Party written notice of the new address in the manner set forth above.

Section 5.7. Entire Agreement. This Agreement together with the Lock-up Agreement constitutes the entire understanding and agreement between the Parties with respect to the matters covered hereby, and all prior agreements and understandings, oral or in writing, if any, between the Parties with respect to the matters covered hereby are merged and superseded by such agreements.

Section 5.8. Severability. If any provisions of this Agreement shall be adjudicated to be illegal, invalid or unenforceable in any action or proceeding whether in its entirety or in any portion, then such provision shall be deemed amended, if possible, or deleted, as the case may be, from the Agreement in order to render the remainder of the Agreement and any provision thereof both valid and enforceable, and all other provisions hereof shall be given effect separately therefrom and shall not be affected thereby.

Section 5.9. Fees and Expenses. Except as otherwise provided in this Agreement, the Company and the Purchaser will bear their respective expenses incurred in connection with the negotiation, preparation and execution of this Agreement and the transactions contemplated hereby, including fees and expenses of attorneys, accountants, consultants and financial advisors.

Section 5.10. Confidentiality. Each Party hereto shall keep in confidence, and shall not use (except for the purposes of the transactions contemplated hereby) or disclose, any non-public information disclosed to it or its affiliates, representatives or agents in connection with this Agreement or the transactions contemplated hereby. Each Party hereto shall ensure that its affiliates, representatives and agents keep in confidence, and do not use (except for the purposes of the transactions contemplated hereby) or disclose, any such non-public information.

Section 5.11. Specific Performance. The Parties agree that irreparable damage would occur in the event any provision of this Agreement were not performed in accordance with the terms hereof and that the Parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or equity.

Section 5.12. Termination. In the event that the Closing shall not have occurred by July 5, 2020, the Company or the Purchaser (with respect to itself) may terminate this Agreement with no further force or effect, except for the provisions of Article V, which shall survive any termination under this Section 5.12, provided that no Party who is then in a material breach of this Agreement shall not be entitled to terminate this Agreement.

Section 5.13. Description of Purchaser.

(a) The Company shall afford the Purchaser a reasonable opportunity in which to review and comment on any description of the Purchaser and/or the transactions contemplated by this Agreement with respect to the Purchaser that is to be included in the Registration Statement filed after the date hereof, and the Company shall take into account such comments from Purchaser.

(b) The Purchaser hereby consents and undertakes to promptly provide a description of its organization and business activities to the Company (the "Purchaser Description") to be used solely in the Registration Statement and the prospectus therein, and hereby represents that its Purchaser Description will be true and accurate in all material respects and will not be misleading in any material respect. Additionally, the Purchaser hereby consents to the filing of this Agreement as an exhibit to the Registration Statement. Other than Purchaser Descriptions, the Company shall not include in the Registration Statement or the prospectus therein any information regarding the Purchaser without the Purchaser's prior written consent.

(c) The Purchaser acknowledges that the Company will rely upon the truth and accuracy of its Purchaser Description, and it agrees to notify the Company promptly in writing if any of the content contained therein ceases to be accurate and complete or becomes misleading.

Section 5.14. Headings. The headings of the various articles and sections of this Agreement are inserted merely for the purpose of convenience and do not expressly or by implication limit, define or extend the specific terms of the section so designated.

Section 5.15. Execution in Counterparts. For the convenience of the Parties and to facilitate execution, this Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.

Section 5.16. No Waiver. Except as specifically set forth herein, the rights and remedies of the Parties to this Agreement are cumulative and not alternative. No failure or delay on the part of any Party in exercising any right, power or remedy under this Agreement will operate as a waiver of such right, power or remedy, and no single or partial exercise of any such right, power or remedy will preclude any other or further exercise of such right, power or remedy or the exercise of any other right, power or remedy. To the maximum extent permitted by applicable law, (a) no claim or right arising out of this Agreement can be discharged by one Party, in whole or in part, by a waiver or renunciation of the claim or right unless in writing signed by the other Party; (b) no waiver that may be given by a Party will be applicable except in the specific instance for which it is given; and (c) no notice to or demand on one Party will be deemed to be a waiver of any obligation of that Party or of the right of the Party giving such notice or demand to take further action without notice or demand as provided in this Agreement.

[*Signature Pages Follow*]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date first above written.

Burning Rock Biotech Limited

By: /s/ LI Jinxiang Leo
Name: LI Jinxiang Leo
Title: Chief Financial Officer

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the date first above written.

LAKE BLEU PRIME HEALTHCARE MASTER FUND LIMITED

By: /s/ LI Bin
Name: LI Bin
Title: Director

Exhibit A

Form of Lock-up Agreement

_____, 2020

Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036
United States of America

BofA Securities, Inc.
One Bryant Park
New York, NY 10036
United States of America

Cowen and Company, LLC
599 Lexington Avenue
New York, NY 10022
United States of America

As representatives (the "**Representatives**") of the several Underwriters (as defined below)

Ladies and Gentlemen:

The undersigned understands that you propose to enter into an Underwriting Agreement (the "**Underwriting Agreement**") with Burning Rock Biotech Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands (the "**Company**"), providing for the public offering (the "**Public Offering**") by the several Underwriters, including you (the "**Underwriters**"), of an aggregate of [●] Class A ordinary shares, par value US$0.0002 per share, of the Company (the "**Class A Ordinary Shares**") in the form of [●] American Depositary Shares (the "**ADSs**").

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, during the period commencing on the date hereof and ending 180 days after the date of the final prospectus (the "**Restricted Period**)" relating to the Public Offering (the "**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 Class A Ordinary Shares or Class B ordinary shares par value US$0.0002 per share, of the Company (together with the Class A Ordinary Shares, the "**Ordinary Shares**"), 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 the Ordinary Shares or publicly disclose the intention to do any of the foregoing 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, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Ordinary Shares or such other securities, in cash or otherwise. The foregoing sentence shall not apply to (a) transactions relating to Ordinary Shares or other securities acquired in the Public Offering or in open market transactions after the completion of the Public Offering, *provided* that no filing under Section 16(a) of the Exchange Act shall be required or shall be voluntarily made in connection with subsequent sales of Ordinary Shares or other securities acquired in the Public Offering or such open market transactions, (b) transfers of Ordinary Shares or any security convertible into Ordinary Shares as a bona fide gift, or by operation of law, such as pursuant to a qualified domestic relations order or in connection with a divorce settlement, or through will or intestacy, (c) transfers of Ordinary Shares, ADSs or any security convertible into Ordinary Shares or ADSs to immediate family members of the undersigned, to any trust for the direct or indirect benefit of the undersigned or any immediate family member of the undersigned, or to any entity beneficially owned and controlled by the undersigned, *provided* that any such transfer shall not involve a disposition for value, (d) distributions of Ordinary Shares or any security convertible into Ordinary Shares to limited partners or stockholders of the undersigned; *provided* that in the case of any transfer or distribution pursuant to clause (b), (c) or (d), (i) each donee, transferee or distributee shall sign and deliver a lock-up letter substantially in the form of this letter and (ii) no filing under Section 16(a) of the Exchange Act, reporting a reduction in beneficial ownership of Ordinary Shares, shall be required or shall be voluntarily made during the Restricted Period, or (e) the establishment of a trading plan 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 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 Ordinary Shares or ADSs may be made under such plan during the Restricted Period. 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 Ordinary Shares or any security convertible into or exercisable or exchangeable for Ordinary Shares. 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 Ordinary Shares except in compliance with the foregoing restrictions. For purposes of this lock-up letter, "immediate family" shall mean any relationship by blood, marriage or adoption, not more remote than first cousin.

If the undersigned is an officer or director of the Company, the undersigned further agrees that the foregoing provisions shall be equally applicable to any issuer-directed ADSs and the underlying Ordinary Shares 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 Ordinary Shares, 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 letter to the extent and for the duration that such terms remain in effect at the time of the transfer.

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 and other parties thereto.

This agreement shall terminate and the undersigned shall be released from its obligations hereunder on the earlier of (i) the date that the Company advises the Underwriters in writing, prior to the execution of the Underwriting Agreement, that it has determined not to proceed with the Public Offering, (ii) December 31, 2020, if the Public Offering has not been completed by that date, or (iii) subsequent to signing the Underwriting Agreement, the Underwriting Agreement is terminated prior to payment for and delivery of the ADSs to be sold thereunder.

This letter agreement and any claim, controversy or dispute arising under or related to this letter agreement shall be governed by and construed in accordance with the laws of the State of New York.

Very truly yours,

_____

(Name)

_____

(Address)

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 February 18, 2020, except for Note 19, as to which the date is May 22, 2020, in the Amendment No. 1 to the Registration Statement (Form F-1 No. 333-238596) and related Prospectus of Burning Rock Biotech Limited dated June 5, 2020.

/s/ Ernst & Young Hua Ming LLP
Guangzhou, the People’s Republic of China
June 4, 2020

Exhibit 99.4

Burning Rock Biotech Limited
601, 6/F, Building 3, Standard Industrial Unit 2
No. 7, Luoxuan 4th Road
International Bio Island
Guangzhou, 510005
People's Republic of China

April 16, 2020

Ladies and Gentlemen:

Pursuant to Rule 438 promulgated under the Securities Act of 1933, as amended, I hereby consent to be named in the Registration Statement on Form F-1 (the "**Registration Statement**") of Burning Rock Biotech Limited (the "**Company**"), and any amendments thereto, as a person about to become a director of the Company and agree that following the effectiveness of the Registration Statement and commencing at the time the Securities and Exchange Commission declares the registration statement on Form 8-A under Section 12(b) of the Securities Exchange Act of 1934, as amended, effective, I will serve as a member of the board of directors of the Company.

[*Signature page to follow*]

Sincerely yours,

/s/ Wendy Hayes

Name: Wendy Hayes

Exhibit 99.5

Burning Rock Biotech Limited
601, 6/F, Building 3, Standard Industrial Unit 2
No. 7, Luoxuan 4th Road
International Bio Island
Guangzhou, 510005
People's Republic of China

May 18, 2020

Ladies and Gentlemen:

Pursuant to Rule 438 promulgated under the Securities Act of 1933, as amended, I hereby consent to be named in the Registration Statement on Form F-1 (the "**Registration Statement**") of Burning Rock Biotech Limited (the "**Company**"), and any amendments thereto, as a person about to become a director of the Company and agree that following the effectiveness of the Registration Statement and commencing at the time the Securities and Exchange Commission declares the registration statement on Form 8-A under Section 12(b) of the Securities Exchange Act of 1934, as amended, effective, I will serve as a member of the board of directors of the Company.

[*Signature page to follow*]

Sincerely yours,

/s/ Min-Jui Richard Shen

Name: Min-Jui Richard Shen