

ZAI LAB LIMITED

AUDIT COMMITTEE CHARTER

(Adopted by the Board of Directors of Zai Lab Limited, a Cayman Islands exempted company (the “Company”), on August 27, 2017)

I. PURPOSE

The purpose of the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of the Company is to provide assistance to the Board in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, auditing, financial reporting, internal control and legal compliance functions of the Company and its subsidiaries, including, without limitation, assisting the Board’s oversight of (i) the integrity of the Company’s financial statements, (ii) the Company’s compliance with legal and regulatory requirements, (iii) the Company’s independent auditors’ qualifications and independence and (iv) the performance of the Company’s independent auditors and the Company’s internal audit function. The Committee will exercise such other powers and perform such other duties as the Board may from time to time delegate to it.

II. COMPOSITION OF THE COMMITTEE

The Committee shall consist of three or more members of the Board, the exact number to be determined from time to time by the Board on the recommendation of the Nominating Committee. Except as otherwise permitted by applicable phase-in rules and exemptions, each member of the Committee shall be qualified to serve on the Committee pursuant to Rule 10A-3 under the Securities Exchange Act of 1934, as amended, the requirements of the Nasdaq Stock Market (“Nasdaq”) and any additional requirements that the Board deems appropriate.

The chairperson of the Committee shall be designated by the Board. Any vacancy on the Committee shall be filled by the Board. No member of the Committee shall be removed except by a majority vote of the Board.

Members of the Committee shall meet any requirements that the Board may deem appropriate. Each member of the Committee is recommended to be financially literate, as such qualification is interpreted by the Board in its business judgment, or should become financially literate within a reasonable period of time after his or her appointment to the Committee.

III. PROCEDURES AND ADMINISTRATION

(a) Meetings. The Committee shall meet as often as it determines necessary to carry out its duties and responsibilities, but no less frequently than once every fiscal quarter. The Committee, in its discretion, may ask members of management or others to attend its meetings (or portions thereof) and to provide pertinent information as necessary. The Committee shall periodically meet separately with the independent auditor, the Company’s management and the Company’s internal auditors to discuss any matters that the Committee or any of the above persons believe warrant the Committee’s attention. A majority of the members of the Committee present in person or by means of a conference telephone or other

communications equipment by means of which all persons participating in the meeting can hear each other shall constitute a quorum. The Committee may also act by unanimous writing consent in lieu of a meeting. The Committee shall maintain minutes of its meetings and records relating to those meetings.

(b) Subcommittees. The Committee may form and delegate authority to one or more subcommittees as it deems appropriate from time to time (including a subcommittee consisting of a single member). Any decision of a subcommittee to pre-approve audit, review, attest or non-audit services shall be presented to the full Committee at its next scheduled meeting.

(c) Reports to Board. The Committee shall report regularly to the Board.

(d) Charter. At least annually, the Committee shall review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

(e) Funding. The Committee is empowered, without further action by the Board, to cause the Company to pay the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

(f) Annual Self-Evaluation. At least annually, the Committee shall evaluate its own performance.

IV. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

In carrying out its duties and responsibilities, the Committee's policies and procedures should remain flexible, so that it may be in a position to best address, react or respond to changing circumstances or conditions. The following duties and responsibilities are within the authority of the Committee (and the Committee shall, consistent with and subject to applicable laws and rules and regulations):

Selection, Evaluation and Oversight of the Auditors

(a) Selection. The Committee shall be directly responsible for the appointment, compensation, evaluation, retention and oversight of the work of any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the Company, and each such registered public accounting firm must report directly to the Committee (the registered public accounting firm engaged for the purpose of preparing or issuing an audit report for the Company is referred to herein as the "independent auditors").

(b) Pre-approval of Services. The Committee shall review and approve the Company's independent auditors' annual engagement letter, including the proposed fees contained therein, as well as all audit and, as provided in the Sarbanes-Oxley Act of 2002 (the "Act") and the U.S. Securities and Exchange Commission ("SEC") rules and regulations promulgated thereunder, all permitted non-audit engagements and relationships between the Company and such independent auditors (which approval should be made after receiving input from the Company's management, if desired). Approval of audit and permitted non-audit services shall be made by the Committee or a subcommittee designated by the Committee.

(c) Performance. The Committee shall review the performance of the Company's independent auditors, including the lead partner and reviewing partner of the independent auditors, and make decisions regarding the replacement or termination of the independent auditors when circumstances warrant.

(d) Independence. The Committee shall evaluate the independence of the Company's independent auditors by, among other things:

- (i) obtaining and reviewing a report from the Company's independent auditors delineating all relationships between the independent auditors and the Company, including the written disclosures and the letter from the independent auditors pursuant to applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditors' communications with the Committee concerning independence;
- (ii) discussing with the Company's independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditors;
- (iii) taking, or recommending that the Board take, appropriate action to oversee the independence of the Company's independent auditors;
- (iv) monitoring compliance by the Company's independent auditors with the applicable audit partner rotation requirements;
- (v) monitoring compliance by the Company of the employee conflict of interest requirements contained in the applicable rules and regulations; and
- (vi) discussing with the independent auditors to confirm that audit partner compensation is consistent with applicable laws and rules and regulations.

(e) Quality-Control Report. At least annually, the Committee shall obtain and review a report by the independent auditors describing (i) the registered public accounting firm's internal quality control procedures, and (ii) any material issues raised by the most recent internal quality control review or peer review of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues.

(f) Compensation. The Committee shall be responsible for reviewing and approving the compensation of independent auditors.

(g) Oversight. The independent auditors shall report directly to the Committee, and the Committee shall be directly responsible for oversight of the work of the independent auditors. In connection with its oversight role, the Committee shall, from time to time as appropriate receive and consider the reports required to be made by the independent auditors and review with the independent auditors (i) any audit problems or difficulties and management's response, including any restrictions on the scope of the independent auditor's

activities or on access to requested information, and any significant disagreements with management, (ii) major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; (iii) analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements; and (iv) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.

Oversight of Annual Audit, Interim Reviews and Other Financial Information

(a) Audit Plan. The Committee shall review and discuss with the independent auditors their annual audit plan, including the timing and scope of audit activities, and monitor such plan's progress and results during the year.

(b) Audited Financial Statements. The Committee shall review and discuss with management, the independent auditors and, if applicable, the director of the Company's internal auditing department the Company's audited financial statements, including related disclosure documents and the following information which is required to be reported by the independent auditor:

- (i) all critical accounting policies and practices to be used;
- (ii) all alternative treatments of financial information that have been discussed by the independent auditors and management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors;
- (iii) all other material written communications between the independent auditors and management, such as any management letter and any schedule of unadjusted differences; and
- (iv) any material financial arrangements of the Company which do not appear on the financial statements of the Company.

(c) Independent Auditors Review of Interim Financial Statements (if any). The Committee shall meet to review and discuss with the Company's management and the independent auditors the Company's interim financial statements (if any). The Committee shall discuss with the independent auditors any matters identified in connection with the independent auditors' review of interim financial information which are required to be discussed by applicable auditing standards.

(d) Other Financial Information. The Committee shall review and discuss the Company's earnings press releases, earnings guidance, and other financial information to be disclosed to the public.

Oversight of Financial Reporting Process and Internal Controls

- (a) The Committee shall review:
 - (i) the adequacy and effectiveness of the Company's accounting and internal control over financial reporting and disclosure controls and procedures on a regular basis, including the responsibilities, budget, compensation and staffing of the Company's internal audit function, through inquiry and discussions with the Company's independent auditors, management and the directors of the Company's internal auditing department;
 - (ii) if applicable, the yearly report prepared by management assessing the effectiveness of the Company's internal control over financial reporting and stating management's responsibility for establishing and maintaining adequate internal control over financial reporting prior to its inclusion in the Company's annual report on Form 20-F; and
 - (iii) the Committee's level of involvement and interaction with the Company's internal audit function, including the Committee's line of authority and role in appointing and compensating employees in the internal audit function;
- (b) The Committee shall review with the chief executive officer, chief financial officer and independent auditors, periodically, the following:
 - (i) all significant deficiencies and material weaknesses, if any, in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - (ii) any fraud, if any, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting;
- (c) The Committee shall review with management the progress and results of all internal audit projects, and, when deemed necessary or appropriate by the Committee, direct the Company's chief executive officer to assign additional internal audit projects to the director of the Company's internal auditing department;
- (d) The Committee shall receive periodic reports from the Company's independent auditors, management and director of the Company's internal auditing department to assess the impact on the Company of significant accounting or financial reporting developments that may have a bearing on the Company;
- (e) The Committee shall review and discuss with the independent auditors the results of the year-end audit of the Company, including any comments or recommendations of the Company's independent auditors and, based on such review and discussions and on such other considerations as it determines appropriate, recommend to the Board whether the Company's financial statements should be included in the annual report on Form 20-F;

- (f) Oversee the design and implementation of an internal audit function;
- (g) Establish procedures for dealing with complaints, violations and ethics issues;
- (h) Meet periodically with legal counsel to review legal and regulatory matters;
- (i) Discuss risk management guidelines with the management and other advisors (if any);
- (j) Follow up on Company actions undertaken by the management to mitigate weaknesses in internal controls; and
- (k) Establish and maintain free and open means of communication between and among the Committee, the Company's independent auditors, the Company's internal auditing department and management, including providing such parties with appropriate opportunities to meet separately and privately with the Committee on a periodic basis.

Miscellaneous

(a) Oversight of Related Party Transactions. The Committee shall establish and implement policies and procedures for the Committee's review and approval or disapproval of proposed transactions or courses of dealings with respect to which executive officers or directors of the Company or members of their immediate families have an interest. The Committee shall also review the Company's policies relating to the ethical handling of conflicts of interest. The Committee shall also review policies and procedures with respect to officers' expense accounts and perquisites, including the use of corporate assets, and consider the results of any review of these policies and procedures by the Company's independent auditors.

(b) Risk Management. The Committee shall discuss guidelines and policies governing the process by which senior management of the Company and the relevant departments of the Company, including the internal auditing department, assess and manage the Company's exposure to risk, as well as the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

(c) Regulatory Compliance. The Committee shall meet periodically with the general counsel (if any), and outside counsel when appropriate, to review legal and regulatory matters, including (i) any matters that may have a material impact on the financial statements of the Company and (ii) any matters involving potential or ongoing material violations of law or breaches of fiduciary duty by the Company or any of its directors, officers, employees, or agents or breaches of fiduciary duty to the Company.

(d) Procedures for Complaints and Reports of Violation. The Committee shall establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

(e) Independent Advisers. The Committee shall secure independent expert advice to the extent the Committee determines it to be appropriate, including retaining, with or

without Board approval, independent counsel, accountants, consultants or others, to assist the Committee in fulfilling its duties and responsibilities, the cost of such independent expert advisors to be borne by the Company.

(f) Hiring Policies. The Committee shall establish policies regarding the hiring of employees or former employees of the Company's independent auditors.

(g) Evaluation of Financial Management. The Committee shall coordinate with the Compensation Committee the evaluation of the Company's financial management personnel.

(h) Additional Powers. The Committee shall perform such additional activities, and consider such other matters, within the scope of its responsibilities, as the Committee or the Board deems necessary or appropriate.

V. EVALUATION OF THE COMMITTEE

The Committee shall, on an annual basis, evaluate its performance. The evaluation shall address all matters that the Committee considers relevant to its performance, including a review and assessment of the adequacy of this Charter, and shall be conducted in such manner as the Committee deems appropriate.

VI. INVESTIGATIONS AND STUDIES; OUTSIDE ADVISERS

The Committee may conduct or authorize investigations into or studies of matters within the Committee's scope of responsibilities, and may retain, at the Company's expense, such independent counsel or other consultants or advisers as it deems necessary.

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While the Committee has the duties and responsibilities set forth in this Charter, the Committee is not responsible for preparing or certifying the financial statements, for planning or conducting the audit, or for determining whether the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles.

In fulfilling their responsibilities hereunder, it is recognized that members of the Committee are not full-time employees of the Company, it is not the duty or responsibility of the Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures or to set auditor independence standards, and each member of the Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Company from which it receives information and (ii) the accuracy of the financial and other information provided to the Committee absent actual knowledge to the contrary.

Nothing contained in this Charter is intended to create, or should be construed as creating, any responsibility or liability of the members of the Committee, except to the extent otherwise provided under applicable laws.