

**ZAI LAB LIMITED**  
**COMPENSATION 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 Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of the Company shall be to assist the Board in reviewing and approving the Company’s compensation structure, including all forms of compensation, relating to its directors and executive officers and to oversee the Company’s other compensation and employee benefit plans and practices, including its incentive compensation and equity-based plans.

**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.

Members of the Committee shall be appointed by the Board and may be replaced by the Board, with or without cause. The chairperson of the Committee shall be designated by the Board, provided that if the Board does not designate a chairperson, the members of the Committee, by majority vote, may elect a chairperson.

**III. PROCEDURES AND ADMINISTRATION**

(a) The Committee shall meet as often as it deems necessary to carry out its duties and responsibilities, but no less frequently than once every fiscal year. 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, provided, that the Chief Executive Officer of the Company (the “CEO”) may not be present during any portion of a Committee meeting in which deliberation or any vote regarding her or his compensation occurs. 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 written consent in lieu of a meeting. The Committee shall maintain minutes of its meetings and records relating to those meetings.

(b) 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).

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

#### **IV. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE**

##### **A. *Executive Compensation***

The Committee shall have the following duties and responsibilities with respect to the Company's executive compensation plans:

(a) To review at least annually the goals and objectives of the Company's executive compensation plans, and amend, or recommend that the Board amend, these goals and objectives if the Committee deems it appropriate.

(b) To review at least annually the Company's executive compensation plans in light of the Company's goals and objectives with respect to such plans, and, if the Committee deems it appropriate, adopt, or recommend to the Board the adoption of, new, or the amendment of existing, executive compensation plans.

(c) To annually review and approve corporate goals and objectives relevant to compensation of the CEO, evaluate the CEO's performance in light of those goals and objectives, and, either as a committee or together with the other independent directors (as directed by the Board), determine and approve, or recommend to the Board for its approval, the CEO's compensation level based on this evaluation. In determining the long-term incentive component of the CEO's compensation, the Committee shall consider all relevant factors, including the Company's performance, the value of similar awards to chief executive officers of comparable companies, and the awards given to the CEO in past years. The Committee may discuss the CEO's compensation with the Board if it chooses to do so. The CEO may not be present at any committee meeting during which his or her compensation is deliberated.

(d) To evaluate annually the performance of the other executive officers of the Company in light of the goals and objectives of the Company relevant to its executive compensation plans, and determine and approve, or recommend to the Board for its approval, the compensation of such other executive officers. To the extent that long-term incentive compensation is a component of such executive officer's compensation, the Committee shall consider all relevant factors in determining the appropriate level of such compensation, which may include the factors applicable to CEO compensation.

(e) To review and approve any severance or termination arrangements to be made with any executive officer of the Company.

(f) To perform such duties and responsibilities as may be assigned to the Committee under the terms of any executive compensation plan.

(g) To review perquisites or other personal benefits to the Company's executive officers and recommend any changes to the Board.

(h) To review compensation arrangements for the Company's employees to evaluate whether incentive and other forms of pay encourage unnecessary or excessive risk taking, and review and discuss, at least annually, the relationship

between risk management policies and practices, corporate strategy and the Company's compensation arrangements.

(i) To review and approve the description of executive compensation included in the Company's annual report on Form 20-F.

(j) To perform such other functions as assigned by law, the Company's memorandum and articles of association or the Board.

## **B. Director Compensation**

The Committee shall have the following duties and responsibilities with respect to the Company's compensation of directors:

(a) *Evaluate and recommend changes in director compensation.* The Committee shall evaluate annually the appropriate level of compensation for Board and committee services by non-employee directors and shall, in accordance with the principles and policies set forth below, make recommendations to the Board concerning the form and amount of compensation for Board and Committee services by non-employee directors:

- (i) the Company's executive officers shall not receive additional compensation for their service as directors;
- (ii) senior management of the Company shall report once a year to the Committee regarding the status of the Company's non-executive director compensation as compared to that of other non-U. S. companies of comparable size and the Company's competitors, with the understanding that such report shall include consideration of both direct and indirect compensation to the Company's non-executive directors as well as any charitable contributions by the Company to organizations in which a non-executive director is involved (and following a review of the report, the Committee shall recommend any changes in non-executive director compensation for the Board's approval); and
- (iii) directors shall be entitled to be reimbursed for all travel, lodging and incidental expenses reasonably incurred or expected to be incurred by them in attending meetings of the Board or committees of the Board or general meetings or separate meetings of any class of shares of the Company or otherwise in connection with the discharge of their duties as directors.

(b) *Review directors' requests for reimbursement of travel expenses.* The Committee may authorize the chief financial officer or other executive officers of the Company to review all requests made by non-executive directors for reimbursements under Article IV(B)(a)(iii).

## **C. General Compensation and Employee Benefit Plans**

The Committee shall have the following duties and responsibilities with respect to the Company's general compensation and employee benefit plans, including incentive compensation and equity-based plans:

(a) To review at least annually the goals and objectives of the Company's general compensation plans and other employee benefit plans, including incentive compensation and equity-based plans, and amend, or recommend that the Board amend, these goals and objectives if the Committee deems it appropriate.

(b) To review at least annually the Company's general compensation plans and other employee benefit plans, including incentive compensation and equity-based plans, in light of the goals and objectives of these plans, and recommend that the Board amend these plans if the Committee deems it appropriate.

(c) To review and make recommendations to the Board with respect to all incentive compensation and equity-based plans that are subject to approval by the Board.

(d) To perform such duties and responsibilities as may be assigned to the Board or the Committee under the terms of any compensation or other employee benefit plan, including any incentive compensation or equity-based plan.

## **V. ROLE OF CEO**

The CEO may make, and the Committee may consider, recommendations to the Committee regarding the Company's compensation and employee benefit plans and practices, including its executive compensation plans, its incentive-compensation and equity-based plans with respect to executive officers other than the CEO and the Company's director compensation arrangements.

## **VI. EVALUATION OF THE COMMITTEE**

The Committee shall, on an annual basis, evaluate its performance. In conducting this review, the Committee shall evaluate whether this Charter appropriately addresses the matters that are or should be within its scope and shall recommend to the Board such changes as it deems necessary or appropriate. The Committee shall address all matters that the Committee considers relevant to its performance, including at least the following: the adequacy, appropriateness and quality of the information and recommendations presented by the Committee to the Board, the manner in which they were discussed or debated, and whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner.

## **VII. 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 or appropriate, including compensation consultants to advise the

Committee with respect to amounts or forms of executive and director compensation. If a compensation consultant is to assist in the evaluation of director, CEO or executive officer compensation, the Committee shall have sole authority to retain and terminate the consulting firm, including sole authority to approve the firm's fees and other retention terms.

Before selecting or obtaining the advice of a compensation consultant, legal counsel or other adviser (other than in-house legal counsel), the Committee shall consider all factors relevant to the independence of such consultant, counsel or adviser from management, including the factors set forth in the NASDAQ listing standards then in effect and any other applicable laws, rules or regulations.

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While the members of the Committee have the duties and responsibilities set forth in this Charter, nothing contained in this Charter is intended to create, or should be construed as creating, any responsibility or liability of members of the Committee, except to the extent otherwise provided under applicable laws.