

Exhibit B

Form of Audit Committee Charter

Adagene Inc.

Audit Committee Charter

Adopted January 16, 2021

Purpose

The Audit Committee (the “**Committee**”) is created by the Board of Directors (the “**Board**”) of Adagene Inc. (the “**Company**”) to:

- assist the Board in its oversight of
 - the integrity of the Company’s financial statements and internal controls;
 - the annual independent audit of the Company’s financial statements, the engagement of the independent auditors and the evaluation of the independent auditor’s qualifications, independence and performance;
 - the performance of the Company’s internal audit function; and
 - the Company’s compliance with legal and regulatory requirements; and
- such other duties as directed by the Board.

Membership

The Committee shall consist of one or more members of the Board. For 90 days from the date of effectiveness of the registration statement in connection with the Company’s initial public offering (the “**IPO**”), at least one member shall be deemed by the Board to be independent and meet independence and experience requirements of Rule 10A-3 of the Securities and Exchange Act of 1934 (the “**Exchange Act**”) and the listing rules of the Nasdaq Global Market (“**NASDAQ**”). For one year from the date of effectiveness of the registration statement in connection with the IPO, at least majority committee members shall be deemed by the Board to be independent and meet independence and experience requirements of Rule 10A-3 of the Exchange Act and the listing rules of NASDAQ. After one year from the date of effectiveness of the registration statement in connection with the Company’s IPO, all committee members shall be deemed by the Board to be independent and meet independence and experience requirements of Rule 10A-3 of the Exchange Act and the listing rules of NASDAQ. Each member shall, in the judgment of the Board, have the ability to read and understand the Company’s basic financial statements. At least one member of the Committee shall, in the judgment of the Board, be an “audit committee financial expert” in accordance with the rules and regulations of the U.S. Securities and Exchange Commission (“**SEC**”) and at least one member (who may also serve as the audit committee financial expert) shall, in the judgment of the Board, have accounting or related financial management expertise in accordance with NASDAQ listing standards.

The Nominating and Corporate Governance Committee shall recommend nominees for appointment to the Committee annually and as vacancies or newly

created positions occur. Committee members shall be appointed by the Board and may be removed by the Board at any time. The Board may appoint the Chairperson of the Committee (the “**Chairperson**”), or may direct that the members of the Committee elect the Chairperson.

Responsibilities

The basic responsibility of the members of the Committee is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In discharging that obligation, members should be entitled to rely on the honesty and integrity of the Company’s senior executives and its outside advisors and auditors, to the fullest extent permitted by law. In addition to any other responsibilities which may be assigned from time to time by the Board, the Committee is responsible for the following matters.

Independent Auditor

- The Committee shall be directly responsible for the appointment, compensation, retention, termination, and oversight of the work of any accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company (subject, if applicable, to shareholder ratification). Each such accounting firm shall report directly to the Committee.
- The Committee shall pre-approve the audit services and non-audit services (including the fees and terms thereof) to be provided by the Company’s independent auditor pursuant to pre-approval policies and procedures established by the Committee. The Committee may delegate its authority to pre-approve services to one or more Committee members, provided that such designees present any such approvals to the full Committee at the next Committee meeting.
- The Committee shall discuss with the independent auditor its responsibilities under generally accepted auditing standards, review and approve the planned scope and timing of the independent auditor’s annual audit plan(s) and discuss significant findings from the audit and any problems or difficulties encountered, including any restrictions on the scope of the auditor’s activities or on access to requested information, and any significant disagreements with management.
- The Committee shall evaluate the independent auditor’s qualifications, performance and independence, and shall present its conclusions with respect to the independent auditor to the full Board on at least an annual basis. As part of such evaluation, at least annually, the Committee shall:
 - obtain and review a report or reports from the Company’s independent auditor:
 - describing the independent auditor’s internal quality-control procedures;
 - describing any material issues raised by (i) the most recent internal quality-control review, peer review or Public Company

Accounting Oversight Board (“**PCAOB**”) review, of the independent auditing firm, or (ii) any inquiry or investigation by governmental or professional authorities, within the preceding five years, regarding one or more independent audits carried out by the auditing firm; and any steps taken to deal with any such issues;

- describing all relationships between the independent auditor and the Company consistent with applicable requirements of the PCAOB regarding the independent auditor’s communications with the audit committee concerning independence; and
- assuring that Section 10A of the Securities Exchange Act of 1934 has not been implicated.
- actively engage in a dialogue with the independent auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor;
- take or recommend that the Board take, appropriate action to oversee the independence of the independent auditor;
- review and evaluate the lead audit partner of the independent auditor team(s), as well as other senior members;
- confirm and evaluate the rotation of the audit partners on the audit engagement team as required by law;
- consider whether the independent auditor should be rotated, so as to assure continuing auditor independence; and
- obtain the opinion of management and the internal auditors of the independent auditor’s performance.
- The Committee shall establish policies for the Company’s hiring of current or former employees of the independent auditor.

Internal Auditors

- At least annually, the Committee shall evaluate the performance, responsibilities, budget and staffing of the Company’s internal audit function and review and approve the internal audit plan. Such evaluation shall include a review of the responsibilities, budget and staffing of the Company’s internal audit function with the independent auditor.
- At least annually, the Committee shall evaluate the performance of the senior officer or officers responsible for the internal audit function of the Company, and make recommendations to the Board and management regarding the responsibilities, retention or termination of such officer or officers.

Financial Statements; Disclosure and Other Risk Management and Compliance Matters

- The Committee shall meet to review and discuss with management and the independent auditor the annual audited and unaudited quarterly financial statements, including reviewing the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," prior to the filing of the Company's Form 20-F with the SEC;
- The Committee shall review with management, the internal auditors and the independent auditor, in separate meetings whenever the Committee deems appropriate:
 - any analyses or other written communications 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 Generally Accepted Accounting Principles ("**GAAP**") methods on the financial statements;
 - the critical accounting policies and practices of the Company;
 - the clarity of the financial disclosures made by the Company;
 - information regarding any "second" opinions sought by management from an independent auditor with respect to the accounting treatment of a particular event or transaction;
 - the effect of key transactions and related-party transactions, any regulatory and accounting initiatives, as well as off-balance sheet transactions and structures, on the Company's financial statements; and
 - any major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles.
- The Committee, or the Chairperson of the Committee, shall review the Company's earnings press releases prior to public dissemination, the type and presentation of information included in the Company's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies, paying particular attention to the use of non-GAAP financial information.
- The Committee, or the Chairperson of the Committee, may review any of the Company's financial information and earnings guidance provided to analysts and ratings agencies and any of the Company's other financial disclosures, such as earnings press releases, as the Chairperson of the Committee deems appropriate.
- The Committee shall, in conjunction with the Chief Executive Officer and Chief Financial Officer of the Company, review the Company's disclosure controls and procedures and internal control over financial reporting. The review of internal control over financial reporting shall include whether there

are any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to affect the Company's ability to record, process, summarize and report financial information and any fraud involving management or other employees with a significant role in internal control over financial reporting. The Committee shall also review any special audit steps adopted in light of material control deficiencies.

- The Committee shall review and discuss with the independent auditor and management any current accounting trends and developments, and take such action with respect thereto as may be deemed appropriate.
- The Committee shall review and discuss with the independent auditor any audit problems or difficulties and management's response thereto, including those matters required to be discussed with the Committee by the auditor pursuant to established auditing standards, as amended, such as:
 - any restrictions on the scope of the independent auditor's activities or on access to requested information;
 - any accounting adjustments that were noted or proposed by the auditor but were not adopted or reflected;
 - any communications between the audit team and the audit firm's national office regarding auditing or accounting issues presented by the engagement;
 - any management or internal control letter issued, or proposed to be issued, by the auditor; and
 - any significant disagreements between management and the independent auditor.
- In connection with its oversight responsibilities, the Committee shall be directly responsible for the resolution of disagreements between management and the auditor regarding the Company's financial reporting.
- The Committee shall review the Company's policies and practices with respect to risk assessment and risk management, including discussing with management the Company's major financial risk exposures and the steps that have been taken to monitor and control such exposures.
- The Committee shall establish procedures for:
 - the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and
 - the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

- The Committee shall review the Company's compliance with laws and regulations, including major legal and regulatory initiatives. The Committee shall also review any major litigation or investigations against the Company that may have a material impact on the Company's financial statements. The Committee shall meet and discuss these matters with management and others as appropriate, including the General Counsel or an officer with similar duties and responsibilities of the Company.
- The Committee shall oversee compliance with the Company's Code of Business Conduct and Ethics and report on such compliance to the Board. The Committee shall also review and consider any requests for waivers of the Company's Corporate Governance Guidelines or Code of Business Conduct and Ethics for the Company's directors, executive officers and other senior financial officers, and shall make a recommendation to the Board with respect to such request for a waiver.
- The Committee shall review potential conflicts of interest involving directors, including whether such director or directors may vote on any issue as to which there may be a conflict.

Reporting to the Board

- The Committee shall report to the Board periodically. This report shall include a review of any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the independence and performance of the Company's independent auditor, the performance of the internal audit function and any other matters that the Committee deems appropriate or is requested to include by the Board.
- At least annually, the Committee shall evaluate its own performance and report to the Board on such evaluation.
- The Committee shall review and assess the adequacy of this charter on an annual basis and recommend any proposed changes to the Board.

Related-party Transactions

- The Committee shall review and approve all related-party transactions (as defined in Item 7 of Form 20-F), including, but not limited to, transactions between the Company, on the one hand, and enterprises that directly or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the Company, on the other hand. The Committee shall consider all relevant factors when determining whether to approve a related-party transaction, including (i) the benefits to the Company of the transaction; (ii) whether such transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances; (iii) the materiality of the transaction to the Company; and (iv) the extent of the related party's interest in the transaction. No director may participate in the approval of any transaction in which such director is a related party, but such director is required to provide the Committee with all material information concerning the transaction.

Authority and Delegations

The Committee is authorized (without seeking Board approval) to retain special legal, accounting or other advisers and may request any officer or employee of the Company or the Company's outside counsel or independent auditor to meet with any members of, or advisers to, the Committee.

The Committee shall have available appropriate funding from the Company as determined by the Committee for payment of:

- compensation to any accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company;
- compensation to any advisers employed by the Committee; and
- ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

The Committee is authorized to conduct or authorize investigations into, or studies of, matters within the Committee's scope of responsibility, with full access to all books, records, facilities and personnel of the Company.

The Committee may delegate its authority to subcommittees or the Chairperson of the Committee when it deems appropriate and in the best interests of the Company.

Procedures

The Committee shall meet as often as it determines is appropriate to carry out its responsibilities under this charter, but not less frequently than quarterly. The Chairperson of the Committee shall preside at each meeting and, in the absence of the Chairperson, one of the other members of the Committee shall be designated as the acting chairperson of the meeting. The Chairperson of the Committee, in consultation with the other committee members, shall determine the frequency and length of the committee meetings and shall set meeting agendas consistent with this charter.

The Committee shall meet separately, periodically, with management, with internal auditors (or other personnel responsible for the internal audit function) and with the independent auditor.

Limitations Inherent in the Committee's Role

It is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with GAAP and applicable rules and regulations. This is the responsibility of management and the independent auditor. Furthermore, while the Committee is responsible for reviewing the Company's policies and practices with respect to risk assessment and management, it is the responsibility of the Chief Executive Officer and senior management to determine the appropriate level of the Company's exposure to risk.