

# **FOSUNPHARMA**

## **复星医药**

### **上海復星醫藥（集團）股份有限公司** **Shanghai Fosun Pharmaceutical (Group) Co., Ltd.\***

(the “Company”)

*(a joint stock limited company incorporated in the People’s Republic of China with limited liability)*

## **Terms of Reference and Implementation Rules of the Remuneration and Appraisal Committee under the Board of Directors**

### **Chapter 1 General Provisions**

- Article 1 In order to further enhance the appraisal and remuneration management system for the Company’s directors, presidents and other senior management and improve the structure of corporate governance, the Company has established the Remuneration and Appraisal Committee under the board of directors and has formulated these Rules in accordance with the Company Law of the People’s Republic of China, the Code of Corporate Governance for Listed Companies in China, the Articles, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (hereafter as the “SSE Listing Rules”), the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereafter as the “SEHK Listing Rules”) and other relevant regulations.
- Article 2 The Remuneration and Appraisal Committee is a special body established by the board of directors pursuant to the resolution of the general shareholders’ meeting, mainly responsible for setting appraisal standards and implementing appraisals for the Company’s directors, presidents and other senior management, and formulating and examining remuneration policies and programs for the Company’s directors, presidents and other senior management. The committee is accountable to the board of directors.
- Article 3 The senior management referred in these Rules shall refer to the president, vice president, person in charge of finance (CFO), secretary to the board of directors and other senior management provided in the Articles.

### **Chapter 2 Composition**

- Article 4 The Remuneration and Appraisal Committee shall comprise three to five directors, the majority of whom shall be independent non-executive directors.
- Article 5 Members of the Remuneration and Appraisal Committee shall be nominated by the chairman of the board of directors, more than one-half of the independent non-executive directors or more than one-third of all directors. The election and removal of members shall be passed by a majority vote of the members of the board of directors.

Article 6 The Remuneration and Appraisal Committee shall have one chairman (convener) who shall be acted by an independent non-executive director, responsible for presiding over the work of the committee. The chairman of the committee shall be elected and removed by a majority vote of the members of the board of directors.

Article 7 The Remuneration and Appraisal Committee shall have the same term of office as the board of directors. The term of office of members is renewable upon re-election. During which if members no longer act as directors of the Company, they shall automatically lose their office as members from the date of resignation. Members may apply to the board of directors for resignation in writing prior to expiry of the term of office. The board of directors shall, after such members have lost their office or the resignation of such members has been approved, fill the vacancies in accordance with relevant provisions of these Rules.

Article 8 The Remuneration and Appraisal Committee may establish a working group exclusively responsible for providing relevant business information of the Company and materials relating to the appraisees, arranging meetings of the committee and implementing relevant resolutions adopted by the committee.

The Remuneration and Appraisal Committee may have one secretary to assist the chairman of the committee in his daily work.

### **Chapter 3 Duties and Powers**

Article 9 The main duties and powers of the Remuneration and Appraisal Committee are:

- (1) establish formal and transparent arrangements to formulate remuneration policies, plans or proposals based upon the main scope, duties and importance of the management positions of directors, presidents and other senior management and the pay levels of relevant positions in other related enterprises, and make recommendations to the board of directors;
- (2) remuneration policies, plans or proposals, mainly including but not limited to performance evaluation standards and procedures, main assessment structures and key proposals and systems on rewards and punishments;
- (3) determine the remuneration package of all executive directors and senior management, which should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations on the remuneration of non-executive directors to the board of directors. The Remuneration and Appraisal Committee shall consider salaries paid by comparable companies, time commitment and responsibilities of the directors and senior management, and employment conditions elsewhere in the Company;

- (4) review and approve the management's remuneration proposals with reference to the board of directors' corporate goals and objectives;
- (5) review and approve compensation payable to directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (6) review and approve compensation arrangements relating to dismissal or removal of directors and senior management for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (7) ensure that no director or any of his associates is involved in deciding his own remuneration;
- (8) assess the performance of duties by the Company's directors, presidents and other senior management, and conduct annual performance assessment;
- (9) monitor the implementation of the Company's remuneration system; and
- (10) other matters authorized by the board of directors.

Article 10 The board of directors has the right to vote against any remuneration policies, plans or proposals formulated by the Remuneration and Appraisal Committee which is harmful to the interests of the shareholders.

Article 11 Remuneration policies, plans or proposals proposed by the Remuneration and Appraisal Committee for the Company's directors shall, upon approval by the board of directors, be reported to the general shareholders' meeting for consideration and approval before implementation. Remuneration policies, plans or proposals proposed for the Company's presidents and other senior management shall be reported to the board of directors for approval.

#### **Chapter 4 Decision-making Procedures**

Article 12 The working group under the Remuneration and Appraisal Committee shall be responsible for undertaking proper preparatory work for decision making by the committee, and providing relevant written information of the Company:

- (1) progress in achieving the Company's key financial indicators and business targets;
- (2) respective scope of work in charge by the Company's senior management and their main duties;
- (3) progress in achieving indicators involved in the performance appraisal system for the positions of directors, presidents and other senior management;

- (4) operating performance;
- (5) relevant calculation basis in preparing the Company's pay distribution plans and allocation methods according to the performance of the Company.

Article 13 The procedures for the assessment of directors, presidents and other senior management by the Remuneration and Appraisal Committee are:

- (1) the Company's directors, presidents and other senior management report to the Remuneration and Appraisal Committee on their work and conduct a self-evaluation;
- (2) the Remuneration and Appraisal Committee evaluates the performance of directors, presidents and other senior management according to the performance appraisal standards and procedures;
- (3) the committee proposes the amount of compensation and incentives for directors, presidents and other senior management based upon the job performance appraisal results and pay distribution policy and, upon voting and passing, report to the board of directors.

## **Chapter 5 Rules of Procedures**

Article 14 Meetings of the Remuneration and Appraisal Committee shall include regular meetings and interim meetings. Regular meetings shall be convened at least once a year, whereas interim meetings shall be convened upon proposal by the chairman of the committee or more than one-half of the members. Notice of meetings of the Remuneration and Appraisal Committee shall be made to all members in three days prior to the meeting. The meetings shall be presided over by the chairman of the committee and the chairman, if unable to attend, may appoint another member who is an independent non-executive director to preside over the meeting.

Article 15 Meetings of the Remuneration and Appraisal Committee shall be held by more than two-thirds of the members attending the meeting in person. Each member has one voting right. Resolutions adopted at the meeting shall be passed by more than one-half of all members (excluding members not present at the meeting).

Article 16 The Remuneration and Appraisal Committee may vote on a show of hands or on a poll at the meetings. Meetings may be convened in the form of communications over the resolutions, provided that the members may fully express their opinions.

Article 17 The secretary to the Remuneration and Appraisal Committee and members of the working group may sit in on the meetings of the committee. The committee may invite directors, supervisors, the CFO and relevant senior management of the Company who are not members to sit in on the meetings if it considers necessary, provided that those who are not members do not have voting rights over the resolutions.

- Article 18 The Remuneration and Appraisal Committee shall be provided with sufficient resources (including the resources for seeking independent legal and professional advice) to perform its duties. Relevant departments of the Company shall give cooperation and the expenses incurred shall be borne by the Company.
- Article 19 Where a proposed resolution relating to any members of the committee is discussed at the meetings of the Remuneration and Appraisal Committee, the member concerned shall abstain from the meeting. The Remuneration and Appraisal Committee may require directors, supervisors and other senior management to report on their work or answer queries at the meetings and such officers shall make no objection.
- Article 20 The procedures for convening the meeting, means of voting and resolutions passed at the meeting of the Remuneration and Appraisal Committee shall comply with relevant laws, regulations, the Articles, the SSE Listing Rules, the SEHK Listing Rules and the provisions of these Rules.
- Article 21 The Remuneration and Appraisal Committee shall maintain minutes of the meeting where members attending the meeting shall sign on the minutes. The minutes shall be maintained by the secretary to the board of directors.
- Article 22 Resolutions and voting results adopted at the meetings of the Remuneration and Appraisal Committee shall be reported to the board of directors in writing.
- Article 23 Members attending and sitting in on the meeting shall keep confidential of all matters discussed at the meeting. Disclosure of the relevant information without the authorization of the board of directors shall be prohibited.

## Chapter 6 Supplementary Provisions

- Article 24 In case of any item that has not been covered in these Rules, the laws, regulations, rules, the Articles, the SSE Listing Rules and the SEHK Listing Rules shall govern.
- Article 25 These Rules shall take effect from the date of consideration and approval by the board of directors.
- Article 26 The right to interpretation of these Rules shall be vested in the board of directors.

Board of Directors  
**Shanghai Fosun Pharmaceutical (Group) Co., Ltd.\***  
26 August 2013

\* *For identification purpose only*