

Sinopharm Group Co., Ltd.
Terms of Reference and Rules of Procedure of
Remuneration Committee
under the board of directors

Chapter 1 General provisions

- Article 1 In order to further establish and strengthen the remuneration management system and assessment of the directors and senior management of Sinopharm Group Co., Ltd. (hereinafter referred to as the “Company”), and improve the structure of corporate governance, the Company has established the Remuneration Committee under the board of directors and formulated the Rules of Procedure in accordance with the Company Law of the People’s Republic of China (hereinafter as the “Company Law”), these Articles and the relevant provisions with reference to the Code of Corporate Governance for Listed Companies promulgated by China Securities Regulatory Commission. Upon listing of the shares issued by the Company on the Main Board of the Stock Exchange of Hong Kong Limited, the Rules of Procedures shall comply with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited as amended from time to time (hereinafter referred to as the “Listing Rules”), other applicable laws and regulations of the Hong Kong Special Administrative Region of the People’s Republic of China. In case of any inconsistencies, contraventions or conflicts arising between any applicable laws, regulations, these Articles, the Listing Rules and the Rules of Procedure, the severest provisions shall prevail under the principle of severity.
- Article 2 The Remuneration Committee is a special committee established under the board of directors, mainly responsible for formulating and reviewing the remuneration policies and proposals of the directors and senior management of the Company, and is accountable to the board of directors.
- Article 3 The directors referred in the Rules of Procedures shall refer to the directors of the Company; whereas the senior management herein shall refer to the general manager, deputy general manager, secretary to the board of directors, joint secretaries of the Company and financial director engaged by the board of directors and other senior management recognized by the board of directors.

Chapter 2 Composition

Article 4 The Remuneration Committee shall comprise at least three directors, the majority of which are independent non-executive directors.

Article 5 Members of the Remuneration Committee shall be nominated by the chairman, more than one-half of the independent non-executive directors or more than one-thirds of all directors and subject to election by the board of directors.

Article 6 The Remuneration Committee shall have one chairman to be acted by an independent non-executive director upon election by its members, responsible for presiding over the work of the Remuneration Committee.

Article 7 The members shall have the same term of office as the directors. Upon expiry of their term, members may be re-elected.

No members may be removed from office without cause prior to the expiry of term of office save as the occurrence of circumstances that requires dismissal as stipulated in the Company Law, these Articles or the Listing Rules.

During which if members no longer act as directors of the Company, they shall automatically lose their office as members and the board of directors shall fill the vacancy in accordance with the provisions under Article 4 to Article 6 above.

Article 8 The committee shall have a secretary to be acted by the company secretary or such person as approved after discussion of the board of directors.

Chapter 3 Duties and powers

Article 9 The Remuneration Committee shall:

- (a) make recommendations to the board of directors on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) review and approve the management's remuneration proposals with reference to the corporate goals and objectives stated by the board of directors;
- (c) determine, with delegated responsibility, the specific remuneration packages of all executive directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment; and making recommendations to the board of directors on the remuneration of

non-executive directors. The Remuneration Committee shall consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;

- (d) review and approve compensation payable to the executive 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;
- (e) review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (f) ensure that no director or any of his associates (as defined in the Listing Rules) is involved in deciding his own remuneration;
- (g) consult the chairman and/or general manager for the remuneration proposals of executive directors, and also seek professional advice if considered necessary; and
- (h) other matters authorized by the board of directors.

Article 10 The Remuneration Committee shall be provided with sufficient resources to enable it to perform its functions.

Article 11 Upon consideration of such matters by the Remuneration Committee under the provisions of Article 9, resolutions shall be proposed and submitted to the board of directors of the Company together with the relevant resolutions and voting results of the meeting.

Chapter 4 Rules and procedures of meeting

Article 12 Meetings of the Remuneration Committee shall include regular meetings and interim meetings. Regular meetings shall be held at least annually, whereas the convening of interim meetings shall be proposed by more than two members. The board of directors of the Company shall give at least seven days' notice to all members prior to the meeting, provided that such notice period may be waived with the unanimous consent of all members. The meeting shall be chaired by the chairman and the chairman, if unable to attend, may appoint another member to act on his behalf.

Article 13 Meetings of the Remuneration Committee shall be held by more than two-thirds of the members attending the meeting. Each member shall have one voting right. Resolutions proposed at the meeting shall be passed by more than one-half of all members (excluding members who shall abstain from voting). In the case of an equality of votes, the chairman shall be entitled to one casting vote.

- Article 14 Members of the Remuneration Committee who have appointed a proxy to attend and vote on his behalf shall submit the instrument of proxy to the chairman of the meeting. The latest time for submitting the instrument of proxy to the chairman of the meeting shall be prior to voting at the meeting.
- Article 15 The Remuneration Committee may vote on a show of hands or on a poll at the meetings. The meetings may be held in the form of physical meetings or written communications over the resolutions.
- Article 16 The Remuneration Committee may invite directors, supervisors, senior management and such persons of relevant departments of the Company to sit in on the meetings if it considers necessary.
- Article 17 The Remuneration Committee may engage intermediaries to provide professional advice for its decision-making if necessary and the reasonable expenses arising therefrom shall be borne by the Company.
- Article 18 Such member shall abstain from voting in respect of resolution regarding him at the meeting of the Remuneration Committee.
- Article 19 The procedures for convening the meeting, means of voting and resolutions passed at the meeting of the Remuneration Committee shall comply with the relevant laws, regulations, these Articles and the provisions of the Rules of Procedure.
- Article 20 The Remuneration 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 Remuneration Committee.
- Article 21 Members attending the meeting shall keep confidential of all matters discussed at the meeting. Save as otherwise provided by the laws, regulations and/or regulatory authorities, unauthorized disclosure of the relevant information shall be prohibited.

Chapter 5 Supplementary provisions

- Article 22 The Rules of Procedure shall be formulated by the board of directors of the Company and take effect immediately upon obtaining the approval from the board of directors of the Company.
- Article 23 The right to amendment and interpretation of the Rules of Procedure shall be vested in the board of directors of the Company.