

# **CHINA SHINEWAY PHARMACEUTICAL GROUP LIMITED**

## **Remuneration Committee – Terms of Reference**

### **Foreword**

The Company has established a Remuneration Committee (the “Committee”) with written terms of reference.

Pursuant to the issuance of the Code on Corporate Governance Practices (Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")), the board of directors of the Company (the “Board”) has adopted these revised terms of reference of the Committee in accordance with such code.

### **Membership & Secretary**

1. The Committee shall have at least 3 members ("Members"). All Members shall be appointed and removed by the Board.

The majority of the Members shall be Independent non-Executive Directors (“INEDs”).

2. The Chairman of the Committee shall be appointed by the Board.
3. The Company Secretary, or in his absence, his representative, shall act as the Secretary of the Committee. The Committee may from time to time appoint any other person with appropriate qualification and experience as the Secretary of the Committee.

### **Authority**

4. The Committee shall consult the Chairman of the Board and/or Managing Director about their proposals relating to the remuneration of other Executive Directors and senior management.
5. The Committee is authorized by the Board to seek any remuneration related information and all requisite resources (including without limitation, professional advice) from the Company or from external resources at the cost of the Company and to do all such things as to enable the Committee to discharge its duties and responsibility.
6. None of the Directors should be involved in deciding his own remuneration.

### **Duties**

The Committee shall have the following duties:

- 7.(i) to make recommendation to the Board on
  - (a) the Company’s policy and structure for all remuneration of Directors and

senior management, and

- (b) the Company's establishment of a formal and transparent procedure for developing policy on such remuneration;
- (ii) (a) to determine the specific remuneration packages of all Executive Directors, and senior management, including benefits in kind, pension right, compensation payment (including any compensation for loss or termination of office or appointment);
    - (b) to make recommendation to the Board on the remuneration of Non-executive Directors;
    - (c) to have due consideration of all relevant factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the group and desirability of performance-based remuneration;
  - (iii) to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;
  - (iv) to review and approve the compensation payable to Executive Directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;
  - (v) to review and approve the compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
  - (vi) to ensure that no Director or any of his associates is involved in deciding his own remuneration;
  - (vii) when the occasion arises, to advise shareholders on how to vote with respect to any service contracts of Directors that require shareholders' approval under the Listing Rules;
  - (viii) to make available its terms of reference to any requesting party without charge;
  - (ix) the Chairman of the Committee or in his/her absence, another Member (who must be an INED) of the Committee shall attend the Company's annual general meeting(s) and be prepared to respond to shareholders' questions on the Committee's activities and their responsibilities; and
  - (x) any other duties applicable to the Committee as specified in the Listing Rules (including the code provisions of the Code on Corporate Governance Practices) or as delegated to the Committee by the Board from time to time.

## **Meetings**

8. The Committee shall meet at least once every year. Additional meetings shall be held as the work of the Committee demands.
9. The quorum of a meeting shall be two Members of whom at least one must be INED.
10. [Notice of any meetings of the Committee has to be given 14 days prior to any such meeting being held, unless all Members unanimously waive such notice. Irrespective of the length of notice being given, attendance of a meeting by a Member shall be deemed waiver of the requisite length of notice by the Member. Notice of any adjourned meeting is not required if the adjournment is less than 14 days.]
11. Proceedings of meetings of the Committee shall be governed by the provisions of the Articles of Association of the Company

The Secretary of the Committee shall keep minutes of all Committee meetings. Draft and final versions of minutes of meetings of the Committee shall be sent to all Members for their comment and record respectively, in both cases within a reasonable period of time after each meeting.

12. The Committee may, from time to time, invite the Chairman of the Board, Managing Director, external advisers and/or other persons as may be considered by the Committee to be appropriate to attend all or any part of any meetings. However, only Members are entitled to vote at the meetings.

## **Reporting Procedures**

13. The Secretary of the Committee or his representative shall circulate the minutes of meetings and reports of the Committee to all members of the Board.
14. The Committee shall report to the Board of its findings and recommendations.

*Remark: "Senior management" shall refer to the same category of persons as referred to in the Company's annual report and such other category of persons as may be determined by the Board and is required to be disclosed under Appendix 16 to the Listing Rules.*

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