



上海復旦張江生物醫藥股份有限公司

Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd.*

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

(Stock code:1349)

Principles of the Remuneration Committee

(Passed by the Board of Directors on 30 May 2014)



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1. Composition of the Remuneration Committee

- 1.1 The Remuneration Committee is a body specifically set up by the board of directors (the "Board").
- 1.2 The Remuneration Committee must comprise independent non-executive directors and non-executive directors, and over half of the Remuneration Committee members must be independent non-executive directors.
- 1.3 The Remuneration Committee shall have one chairman who must be an independent non-executive director and will lead the Remuneration Committee and preside over the meetings of the Remuneration Committee.
- 1.4 The term of office of the Remuneration Committee shall be in congruence with the term of the Board.

2. Terms of Reference for the Remuneration Committee

The terms of reference for the Remuneration Committee include:

- 2.1 to make recommendations to the Board on the Company's policy and structure for remuneration of directors, supervisors and senior management of the Company and on the establishment of a formal and transparent procedure for developing policy on such remuneration;
- 2.2 to formulate the remuneration management policy and remuneration packages scheme of individual executive directors and senior management and make recommendations to the Board; such remuneration packages 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 to the Board of the remuneration of non-executive directors and supervisors;

- 2.3 in formulating the remuneration policies and standards, the Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, supervisors and senior management, employment conditions elsewhere in the group and desirability of performance-based remuneration;
- 2.4 to review and approve the remuneration packages of the management with reference to the corporate goals and objectives resolved by the Board from time to time;
- 2.5 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;
- 2.6 to review and approve compensation arrangements relating to dismissal or removal of directors and supervisors 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;
- 2.7 to ensure that no director or supervisor or any of their associates is involved in deciding his/her own remuneration;
- 2.8 to research the share incentive plan of the Company and put forward proposals;
- 2.9 to comply with the applicable requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time) (the "Listing Rules").

3. Rules of Procedure for the Remuneration Committee

- 3.1 The Remuneration Committee shall meet at least once each year to discuss and determine the related matters. In the absence of chairman, one independent non-executive director can be entrusted to preside over the meeting.
- 3.2 The holding of a meeting of the Remuneration Committee shall be subject to the attendance of more than two-thirds of all the members of the Remuneration Committee. The resolutions made by the meeting shall be subject to approval by over half of all members of the Remuneration Committee.

- 3.3 The Remuneration Committee shall consult the chairman of the Board and/or general manager about their proposals relating to the remuneration of other executive directors and senior management and seek for independent professional advice where necessary.
- 3.4 The Remuneration Committee may invite directors, supervisors, and other senior management of the Company to attend its meeting as non-voting delegates as necessary.
- 3.5 Minutes should be kept for the meetings of the Remuneration Committee and signed by members of the Remuneration Committee attending the meetings. Minutes of the meetings should be kept by the secretary of the Company.
- 3.6 The Remuneration Committee shall report its decisions or recommendations to the Board, unless there are legal or regulatory restrictions on their ability to do so.
- 3.7 At the invitation of the chairman of the Board, the chairman of the Remuneration Committee or in the absence of the chairman, another member of the Remuneration Committee or his/her authorized representative should attend and be available to answer questions at the annual general meeting of the Company.
- 3.8 The Remuneration Committee shall form a view in respect of service contracts that require shareholders' approval and advise shareholders as to whether the terms are fair and reasonable, advise whether such contracts are in the interests of the Company and its shareholders as a whole and advise shareholders (other than connected shareholders and shareholders who have a material interest in such service contracts and their associates) on how to vote pursuant to Rule 13.68 of the Listing Rules.
- 3.9 The Remuneration Committee should be provided with sufficient resources to perform its duties.



4. Others

- 4.1 These Principles , explaining the role of the Remuneration Committee and the authority delegated to it by the Board, shall be made available to the public, and its terms of reference shall be published on the Company's and the Stock Exchange's websites in accordance with the Listing Rules.
- 4.2 These Principles shall come into force on the date when approved by the Board.
- 4.3 These Principles shall be revised from time to time and implemented pursuant to the relevant laws and regulations and the Listing Rules in force if these Principles are not timely amended.
- 4.4 If there is any inconsistency between the English and Chinese versions of these Principles, the Chinese version shall prevail.