

SINO BIOPHARMACEUTICAL LIMITED
(THE “COMPANY”)

TERMS OF REFERENCE
OF
REMUNERATION COMMITTEE
(THE “COMMITTEE”)

CONSTITUTION

- The Committee has been set up by the board of directors of the Company (the “Board”) on 6th October, 2005 to recommend to the Board on the Company’s policy and structure for all remuneration of the Board members and senior management, on the establishment of a formal and transparent procedure for developing policy on such remuneration.
- Subject to the regulations contained in the Companies Law, Cap 22 of Cayman Islands, the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the articles of association of the Company (the “AA”), the procedures of the Committee shall be regulated by the provisions set out in these terms of reference.
- These terms of reference with the authority and duties of the Committee have been approved by the Board on 6th October, 2005 and subsequently, modified on 30th March, 2012, whereby, the Board has the authority to review and amend the terms of reference from time to time.

MEMBERSHIP

- The members of the Committee shall be appointed by the Board from time to time. The majority of whom must be independent non-executive directors of the Company.
- The chairman of the Committee shall be appointed by the Board and shall be an independent non-executive director.
- The company secretary or any person nominated by the Committee shall act as the secretary of the Committee.
- A member who wishes to retire or resign from the Committee shall serve sufficient prior written notice to the Company. A member who ceases to be a member of the Board shall immediately and automatically cease to be a member of the Committee.

COMMITTEE MEETINGS

- Unless otherwise stipulated herein, the meetings and proceedings of the Committee shall be governed by the provisions contained in the Articles of Association for regulating the meetings and proceedings of directors.
- The quorum for meeting of the Committee shall be two members.
- The Committee shall meet at least once every year to discharge its duties set forth in these terms of reference. The chairman or the secretary on the requisition of the chairman shall at any time summon a meeting of the Committee. Additional meetings shall be held as the work of the Committee demands. It is expected that the Committee meeting will normally involve the active participation, either in person or through other electronic means of communication.
- Seven days' notice or such shorter notice as may be agreed by members will be given by the secretary specifying the place, date, time and agenda of the meeting.
- The Committee may, from time to time, invite advisors to the meeting, including but not limited to external advisors or consultants to advise its members.
- If a member has a conflict of interest in a matter to be considered by the Committee which the Committee has determined to be material, the matter should be dealt with by way of Committee meeting and the interested member shall not vote at the relevant meeting of the Committee.
- Minutes of the Committee meetings should be kept by the secretary of the Committee and such minutes should be open for inspection at any reasonable time on reasonable notice by any member or director.

AUTHORITY, DUTIES AND FUNCTIONS

The Committee shall : -

- Formulate a formal and transparent procedure for setting policies on executive directors' remuneration and all directors' remuneration packages of the Company.
- Make recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration.
- Consult the chairman and/or chief executive about their remuneration proposals for other executive directors. The Committee should have access to independent professional advice if necessary.

- Review and approve the management's remuneration proposals including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, with reference to the Board's corporate goals and objectives; either : -
 - (i) to determine, with delegated responsibility, the remuneration packages of individual executive directors and senior management; or
 - (ii) to make recommendations to the board on the remuneration packages of individual executive directors and senior management.
- Recommend to the Board on the remuneration of non-executive directors.
- Consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group.
- Review and approve compensation payable to 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.
- 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.
- Ensure that no director or any of his associate is involved in deciding his own remuneration.
- Consider the annual performance bonus for directors, senior management, and the general staff, having regard to their achievements against the performance criteria and by reference to market norms and make recommendation to the Board to ensure that remuneration level should be sufficient to attract and retain directors to run the Company successfully without paying more than necessary.
- Engage external professional advisors to assist and/or advise the Committee on issues as it considers necessary at the Company's expenses. The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any consultants to the Committee.
- Form a view in respect of service contracts that require shareholders' approval and advise shareholders of the Company (other than shareholders who are directors with a material interest in the service contracts and their associates) 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 on how to vote.

- Assign the chairman of the Committee or in his/her absence, an alternative member or failing this, his/her duly appointed delegate, to attend the annual general meetings/general meetings of the Company and be prepared to answer questions concerning the remuneration of any director.
- Do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board.
- Conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by legislation including, but not limited to the production of annual reports of the Committees' remuneration policy which will form part of the Company's annual reports and accounts.
- Recommend to the Board the disclosure of details of the Company remuneration policies, level and mix of remuneration and procedures for setting remuneration and details of the specific remuneration packages of the directors and senior management of the Company as required by the Listing Rules.
- Consider and make recommendations on any other issues as requested by the Board.

REPORTING PROCEDURES

- The secretary of the Committee shall circulate the minutes of Committee meetings, reports and relevant information to all members and if the chairman of the Committee so decides, be circulated to such other director(s) who is/are not member(s) of the Committee.
- The Committee should report back to the Board on their findings and recommendations or decisions made, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).