

Sinopharm Group Co. Ltd.

Rules of Procedure of supervisory committee

Article 1 Purpose

- 1.1** In order to further regulate the procedure and voting process of the supervisory committee of the Company, to ensure that the supervisors and the supervisory committee can effectively perform their supervisory duties and to improve corporate governance structure of the Company, these rules of procedure (the “Rules of Procedure”) have been formulated in accordance with the Company Law of the People’s Republic of China and the Articles of Association of Sinopharm Group Co. Ltd. (hereinafter referred to as “Articles of Association”).

Article 2 Composition of the supervisory committee

- 2.1** The supervisory committee shall comprise five supervisors.

The supervisory committee shall include three external supervisors (including two independent supervisors and one shareholder representative supervisor) and two employee representative supervisors. The external supervisors shall be elected and removed by the general meeting and employee representative supervisors shall be elected and removed by the Company’s staff through staff representatives meetings, plenary staff meeting or through other forms of democratic election. The number of supervisors assumed by staff representatives shall not be less than one third of the supervisors.

External supervisors refer to supervisors who do not hold positions in the Company, and shall independently report to the general meeting on the fiduciary obligation and duty of due diligence of the senior management of the Company. Independent supervisors refer to supervisors who are independent from the shareholders of the Company and do not hold positions in the Company.

The supervisory committee shall, according to its needs, establish its offices to be responsible for the daily affairs of the supervisory committee.

- 2.2** There shall be one chairman in the supervisory committee. The chairman of the supervisory committee

shall be appointed and removed through election by more than two thirds (inclusive) of the supervisors.

2.3 The supervisory committee shall have a term of three years and the term is renewable upon re-election. Where a supervisor has not been timely re-elected at the expiry of the term of office or a supervisor has resigned during the term of office as a result of which the number of members in the supervisory committee falls below the quorum, the original supervisor shall perform his/her/its duties as a supervisor, prior to the assumption by the re-elected supervisor, in accordance with the laws, administrative regulations as well as the provisions of the Articles of Association.

Article 3 Responsibilities of the supervisory committee

- (i) to review the company's regular reports prepared by the board of directors and give the written opinions;
- (ii) to review the Company's financial position;
- (iii) to supervise the performance of duties by the directors and senior management members and to advise on the dismissal of directors and senior management members who are in breach of laws, administrative regulations or Articles of Association;
- (iv) to demand the directors and senior management members to rectify their error if they have acted in a harmful manner to the interest of the Company and clients;
- (v) to propose to convene an extraordinary general meeting, where the board of directors fails to perform the duties in relation to convene or preside a general meeting as required by the Articles of Association, to convene or preside over the general meeting;
- (vi) to make proposals to the general meeting;
- (vii) to bring actions against a director or a senior management member in accordance with Article 152 of the Company Law;
- (viii) to conduct investigations when discovering abnormality in the operating of the Company and engage professional institutions such as accounting firms or law firms to assist in its work if necessary at the expense of the Company;

- (ix) to attend board meetings and make enquiries or suggestions about the subject matters to be resolve at the meeting;
- (x) other functions as specified in the Articles of Association.

Article 4 Office of the supervisory committee

- 4.1** The supervisory committee will establish an office responsible for handling the daily affairs of the supervisory committee.
- 4.2** The chairman of the supervisory committee will concurrently serve as the person-in-charge of the office of the supervisory committee and keep the seals of the supervisory committee in custody. The chairman of the supervisory committee may appoint relevant staff of the Company to assist him/her in handling daily affairs of the supervisory committee.

Article 5 Regular and interim meetings of the supervisory committee

- 5.1** The meetings of the supervisory committee shall be divided into regular meetings and interim meetings.

After the supervisory committee has delivered the resolution to all supervisors and the number of supervisors giving consent and signature to the resolution has reached the quorum, such resolution shall become a committee resolution and no convening of a committee meeting shall be required.

- 5.2** The regular meetings of the supervisory committee shall be convened at least two times a year with one held within 120 days after the end of the preceding accounting year for the purpose of considering the inspection report concerning the annual financial position and compliance of the Company.

- 5.3** In any of the following circumstances, the supervisory committee shall convene an interim meeting within ten days where:

- (i) considered necessary by the chairman;
- (ii) proposed by more than one third of the supervisors.

The notice of an interim meeting of the supervisory committee shall be delivered to all supervisors

two days before the date of the meeting.

Article 6 Proposals for regular meetings

6.1 Before dispatching the notice of regular meetings of the supervisory committee, the Office of the supervisory committee shall collect resolutions from all the supervisors and seek opinions from all the employees of the Company for at least two days. When collecting resolutions and seeking opinions, the office of the supervisory committee shall specify that the supervisory committee focuses mainly on supervising the operations of the Company and the conducts of the directors and senior management rather than making decisions on the operation and management of the Company.

Article 7 Procedures for proposing interim meetings

7.1 Any proposal of any supervisor for convening an interim meeting of the supervisory committee shall be made in written form, affixed with the signature of the said supervisor and submitted to the office of the supervisory committee or directly to the chairman of the supervisory committee. A written proposal shall specify:

- (i) the name of the proposing supervisor;
- (ii) the reasons or objective causes on which the proposal is based;
- (iii) the time or time limit, venue and means as suggested for holding the meeting;
- (iv) the explicit and specific proposals; and
- (v) the contact information of the proposing supervisor and the date of proposal, etc.

7.2 The office of the supervisory committee shall issue the notice of interim meetings of the supervisory committee within 3 days after the office or chairman of the supervisory committee receives the written proposal of the supervisor.

7.3 Where the office of the supervisory committee fails to issue the meeting notice, the proposing supervisor shall report to the regulatory authority in due time.

Article 8 Convening of and presiding over the meetings

8.1 The meetings of the supervisory committee shall be convened and presided over by the chairman of the supervisory committee. Where the chairman of the supervisory committee is unable or fail to perform the duty thereof, a majority of the supervisors may jointly elect a supervisor to convene and preside.

Article 9 Notices of the meeting

9.1 The office of the supervisory committee shall send the written meeting notice affixed with the seal of the supervisory committee to all the supervisors by mail, direct delivery, fax or email 10 days and 5 days before a regular meeting and an interim meeting of the supervisory committee respectively. Where the notice is not served by direct delivery, telephone acknowledgement and relevant records shall be made by the office of the supervisory committee.

9.2 Where an interim meeting of the supervisory committee needs to be convened in emergency, the Office of the supervisory committee shall send the meeting notice by email, fax or telephone at any time, but the convener shall make explanations at the meeting.

Article 10 Contents of the meeting notice

10.1 A written notice of the meeting shall at least include:

- (i) the time and venue of the meeting;
- (ii) the matters (proposals) to be considered;
- (iii) convener and chairman of the meeting, proposer of and written proposal for the interim meeting;
- (iv) meeting materials necessary for the voting of the supervisors;
- (v) requirements for the directors to attend the meeting in person;
- (vi) the contact person and contact information.

10.2 A verbal meeting notice shall at least include (i) and (ii) above, and explanation for an interim meeting of the supervisory committee in emergency.

Article 11 Change of the meeting notice

11.1 If, after the written notice of a regular meeting of the supervisory committee is sent, it is necessary to change the time, venue, etc. of the meeting or add, change or cancel proposals to the meeting, a written notice of change shall be sent 3 days before the original designated date for convening the meeting, to explain why and provide relevant materials. Where the notice of change is sent in less than 3 days in advance, the date of meeting shall be postponed accordingly or the meeting shall be held on schedule upon written approval by all the attending supervisors.

11.2 If, after the notice of an interim meeting of the supervisory committee is sent, it is necessary to change the time, venue, etc. of the meeting or add, change or cancel proposals to the meeting, it shall be necessary to seek the prior consent of all the attending supervisors and make relevant records.

Article 12 Methods of convening the meetings

12.1 Meetings of the supervisory committee shall be held onsite.

12.2 In emergency, a meeting of the supervisory committee allows voting by means of facsimile communications, but the convener (chairman) of the meeting of the supervisory committee shall explain to the attending supervisors the particulars about the emergency. In the case of voting by communications, the supervisors shall fax to the office of the supervisory committee their written and signed opinions on the matters to be considered. The supervisors shall not merely provide voting opinions without expressing their written opinions or reasons for voting.

Article 13 Convening of meetings

13.1 Meetings of the supervisory committee may be held only if more than half of the supervisors attend. Where any relevant supervisor refuses or fails to attend the meeting so that the number of attendants falls short of the quorum required for convening the meeting, other supervisors shall promptly report to the regulatory authority.

13.2 The secretary of the board shall be present at meetings of the supervisory committee.

Article 14 Procedure of the meeting deliberation

14.1 The chairman of the meeting shall ask the attending supervisors separately to provide definite opinions

on respective proposals.

- 14.2** The chairman of the meeting shall, as proposed by supervisors, require directors, senior executives, other staff of the Company or business personnel of relevant intermediary agencies to attend the meeting and answer questions, but non-members of the supervisory committee shall not participate in the deliberation and voting at the meeting of the supervisory committee.
- 14.3** The chairman of the meeting shall adequately listen to the opinions of the attending supervisors, control the progress of the meeting, and improve the efficiency of deliberation. Where any supervisor makes repeated speeches on the same proposal or speaks beyond the proposal, affecting the speeches of other supervisors or hindering normal operation of the meeting, the chairman of the meeting shall promptly stop him.
- 14.4** The meeting shall resolve on all proposals included in the agenda separately. The convener shall not announce the conclusion of the meeting until the agenda of meeting (including the provisional proposal) has been resolved. Unless it is unanimously agreed by all attending supervisors, the meeting of supervisory committee shall not vote on any proposal not included in the notice of the meeting.
- 14.5** For proposals included in the agenda of the meeting of supervisory committee, if there are important issues needed to be further studied during the deliberation, the voting can be temporarily postponed. Upon proposal by the chairman of the supervisory committee, an ad hoc investigation panel may be set up and relevant resolutions shall be made according to the report of the investigation panel.

Article 15 Resolutions of supervisory committee

- 15.1** After adequate discussion of each proposal, the chairman shall ask the attending supervisors to vote on the proposals separately at an appropriate time.
- 15.2** Each attendant of the meeting of the supervisory committee shall cast one vote. Voting for resolution at on-site meeting of the supervisory committee determined by the chairman of the supervisory committee may be conducted by way of a show of hands or poll. In the case of voting by communications, the supervisors shall fax to the office of the supervisory committee their written and signed opinions and voting intents on the matters to be considered. The supervisors shall not merely provide voting opinions without expressing their written opinions or reasons for voting. The attending supervisors shall also

submit the originals of votes bearing their signatures to the supervisory committee before the deadline specified in the meeting notice.

15.3 The voting intent of a director may be for, against or abstention. Every attending supervisor shall choose one out of the aforesaid intents. Where any supervisor does not make any option or makes two or more options, the chairman shall require the said supervisor to make an option again, otherwise the said supervisor shall be deemed as having abstained from voting; any supervisor who has left the meeting midway without coming back and has not made any option shall be deemed as having abstained from voting.

15.4 Resolutions of the meeting of the supervisory committee shall be approved by more than two thirds (inclusive) of the members of the supervisory committee.

Article 16 Recordings and videos of meetings

16.1 Meetings of supervisory committee may be recorded and filmed where necessary.

Article 17 Meeting minutes

17.1 The staff at the office of the supervisory committee shall keep minutes of onsite meetings. The meeting minutes shall include the following information:

- (i) Session and time, venue and form of the meeting;
- (ii) Delivery of meeting notice;
- (iii) Convener and chairman of the meeting;
- (iv) Attendance of the meeting;
- (v) Procedure and process of the meeting;
- (vi) Proposals for consideration at the meeting, main points and opinions of each supervisor on relevant matters and intents of voting on proposals;
- (vii) The voting method and result for each proposal (the voting result shall set out the respective numbers of pros, cons and abstentions);

(viii) Other issues that the attending supervisors think should be included into the minutes.

17.2 For a meeting of supervisory committee held by communications, the Office of the supervisory committee shall sort out the meeting minutes as per the preceding provision.

Article 18 Signatures of supervisors

18.1 Attending supervisors shall sign for confirmation on the meeting minutes, meeting summaries and minutes of resolutions. Where the supervisors disagree over the meeting minutes, meeting summaries or resolutions, they may attach written remarks when signing the same. Where necessary, they shall responsibly report to the regulatory authority or announce public statements.

18.2 Where any supervisor neither signs as per the preceding paragraph nor provides his different opinions in writing, reports to the regulatory authority or announces public statement, the said supervisor shall be deemed as agreeing with the meeting minutes, meeting summaries and minutes of resolutions.

Article 19 Notice of resolutions

19.1 For resolutions of supervisory committee voted by communications, the office of the supervisory committee shall be responsible for handling the matters relating to notifying to the directors. Before notifying the attending supervisors of the resolutions, the recording and relevant staff shall be obliged to keep the contents of the resolutions confidential.

Article 20 Implementation of resolutions

20.1 The supervisors shall urge relevant personnel to execute the resolutions of the supervisory committee. The chairman of the supervisory committee shall report at future meetings of the supervisory committee how the resolutions are executed.

Article 21 Keeping of meeting archives

21.1 Archives of meetings of the supervisory committee including meeting notices, meeting documents, attendance book, meeting recordings, votes, meeting minutes signed by the attending supervisors,

meeting summaries, minutes of resolutions, etc., shall be kept by the secretary of the board. The secretary of the board may entrust the office of the office of the supervisory committee to maintain the abovementioned materials.

21.2 Archives of meetings of the supervisory committee shall be kept for at least 10 years.

Article 22 Supplementary provisions

22.1 In these Rules, the expressions of “more than” shall include the figures mentioned.

22.2 These Rules and any amendments thereto are formulated by the supervisory committee and shall come into effect from the date of approval at the general meeting.

This version was considered and passed at 2014 annual general meeting of the Company.

22.3 These Rules shall be subject to the interpretation of the supervisory committee.