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CHINA PHARMACEUTICAL GROUP LIMITED
(the “Company”)

TERMS OF REFERENCE OF
REMUNERATION COMMITTEE

Composition

1. The Committee shall consist of not less than three members appointed by the board of directors of the Company (the “Board”), a majority of whom shall be independent non-executive directors.
2. The chairman of the Committee shall be appointed by the Board and shall be an independent non-executive director.

Frequency and proceedings of meetings

3. The Committee shall meet at least once a year.
4. The secretary of the Committee shall be appointed by the Committee.
5. The secretary of the Committee shall circulate minutes to all members of the Committee.
6. Proceedings of meetings of the Committee shall be governed by the provisions contained in the articles of association of the Company in relation to proceedings of meeting of directors.
7. The quorum for a meeting shall be two members.

Authority

8. The Committee is authorised by the Board to investigate any activity within its terms of reference and all employees are directed to co-operate with the Committee.
9. The Committee is authorised by the board to obtain outside legal or other independent professional advice and to invite the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Duties

10. The duties of the Committee shall be:—
 - (a) to make recommendations to the Board on the policy and structure for the remuneration of all directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policy.

- (b) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives.
- (c) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management. This should include, without limitation, basic salaries, benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of office or appointment).
- (d) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group.
- (e) to 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.
- (f) to 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.
- (g) to make recommendations to the Board on the remuneration of non-executive directors.
- (h) to ensure that no director or any of his associates is involved in deciding his own remuneration.
- (i) to consult the chairman of the Board and/or the chief executive about the remuneration proposals for other executive directors.
- (j) to consider other topics as requested by the Board.

April 2012