

# FOSUN PHARMA 复星医药

上海復星醫藥(集團)股份有限公司  
**Shanghai Fosun Pharmaceutical (Group) Co., Ltd.\***

(the “Company”)

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

## **Terms of Reference and Implementation Rules of the Audit Committee under the Board of Directors**

### **Chapter 1 General Provisions**

Article 1 In order to assure the sustainable, regulated and healthy development of the Company, further improve the structure of corporate governance, reinforce the scientific nature in the decision making of the board of directors, enhance the efficiency of significant investments and the standards of decision making, conduct a professional audit in

A former partner of the Company's existing audit firm shall be prohibited from acting as a member of the Audit Committee for a period of 2 years from the date of the person ceasing:

(1) to be a partner of the firm; or

(2) to have any financial interest in the firm,

whichever is later.

Article 4      Members of the Audit Committee shall be nominated by the chairman of the board of directors, more than one-half of the independent non-executive directors or more than one-third of all directors. The election and removal of members shall be passed by a majority vote of the members of the board of directors.

Article 5      The Audit Committee shall have one chairman (convener), who shall be an independent non-executive director member with professional accounting background, responsible for presiding over the work of the committee. The chairman of the committee shall be elected and removed by a majority vote of the members of the board of directors.

Article 6      The Audit Committee shall have the same term of office as the board of directors. The term of office of members is renewable upon

### **Chapter 3 Duties and Powers**

Article 8 The main duties and powers of the Audit Committee are:

(1) Relationship with the external auditors of the Company

- i. to be primarily responsible for making recommendations to the board of directors on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- ii. to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;
- iii. to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally; and
- iv. the Audit Committee should report to the board of directors, identifying and making recommendations on any matters where action or improvement is

- (d) the going concern assumptions and any qualifications;
- (e) compliance with accounting standards; and
- (f) compliance with the SSE Listing Rules, the SEHK Listing Rules and legal requirements in relation to financial reporting.

(3) In regard to the above, the Audit Committee shall perform the following procedures:

- i. members of the Audit Committee should liaise with the board of directors and senior management and the Audit Committee must meet, at least twice a year, with the external auditors; and
- ii. the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in these report and accounts, it should give due consideration to any matters that have been raised by the Company's supervisory committee or staff responsible for the accounting and financial

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- v. to review the Company's financial and accounting policies and practices;
- vi. to review the external auditor's management letter, any material queries raised by the external auditor to management about accounting records, financial accounts or systems of control and management's response;
- vii. to ensure that the board of directors will provide a timely response to the issues raised in the external auditor's management letter;
- viii. to review arrangements by which employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee should ensure that the Company has proper arrangements in place for fair and independent investigation of these matters and for appropriate follow-up action;
- ix. to act as the key representative body for overseeing the Company's relationship with the external auditor.

(5) Corporate governance:

- i. to develop and review the Company's policies and practices on corporate governance;
- ii. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- iii. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
- iv. to review the Company's compliance with the corporate governance code and disclosure in the Corporate Governance Report.

The Audit Committee should report to the board of directors on all the above matters, and consider and handle other matters proposed to the Audit Committee by the board of directors.

The following matters shall be submitted to the board of directors for consideration with the approval of a majority of the Audit Committee:

- (1) disclosure of financial information in financial accounting reports and periodic reports, as well as internal control evaluation reports;

- (2) appointment or dismissal of the accounting firm that undertakes the Company's audit;
- (3) appointment or dismissal of the Company's financial officer;
- (4) changes in accounting policies and accounting assessments, or corrections of material accounting errors are made for reasons other than changes in accounting standards;
- (5) laws, regulations, regulatory requirements of the place where the Company's shares are listed and other matters stipulated in the Articles.

Article 9           The Audit Committee is accountable to the board of directors and its proposed resolutions shall be submitted to the board of directors for consideration and decision. The committee shall co-ordinate with supervisors from the supervisory committee in audit activities.

Article 10          The audit department is primarily responsible for the Company's internal audit and internal control assessment.

- (1) The scope of internal audit includes:
  - i. risk management and internal control audit;
  - ii. economic liabilities audit (including resignation audit);
  - iii. investment business audit (including long-term equity investment, construction project and fixed asset investment and financial instrument investment etc);
  - iv. compliance audit;
  - v. impropriety audit; and
  - vi. other audit matters.
- (2) The scope of internal control assessment includes:

lead and organize the internal control assessment work of the Company and its subsidiaries.

## Chapter 4 Decision-making Procedures

Article 11 The secretary to the Audit Committee shall be responsible for undertaking proper preparatory work for decision making by the Audit Committee, and providing relevant written information of the Company, including but not limited to:

- (1) relevant financial reports of the Company;
- (2) work reports of internal and external auditors;
- (3) external audit contracts and relevant work reports;
- (4) status of the Company's external disclosure of information;
- (5) audit reports of the Company's significant connected transactions;
- (6) other audit matters requested by the board of directors.

Article 12 The Audit Committee shall consider reports provided by the secretary to the Audit Committee and shall submit relevant written resolutions and materials to the board of directors for discussion, the contents of which shall include but not limited to:

- (1) evaluating the work of external auditors and their appointment and replacement;
- (2) assessing the effective implementation of the Company's internal audit system and the full authenticity of the Company's financial reports;
- (3) assessing the objectivity and authenticity of financial and other information disclosed by the Company and the Company's compliance with relevant laws and regulations in significant connected transactions;
- (4) evaluating the work of the Company's finance and audit departments, including their persons-in-charge;
- (5) other relevant matters.

## Chapter 5 Rules of Procedures

- Article 13 Meetings of the Audit Committee shall include regular meetings and interim meetings. Regular meetings shall be convened at least four times a year or once a quarter, whereas interim meetings shall be convened upon proposal by the chairman or two or more members of the Audit Committee. Notice of meetings of the Audit Committee shall be made to all members in three days prior to the meeting. The meetings shall be presided over by the chairman of the committee and the chairman, if unable to attend, may appoint another independent non-executive director to preside over the meeting.
- Article 14 Meetings of the Audit Committee shall be held by more than two-thirds of the members attending the meeting in person. Each member has one voting right. Resolutions adopted at the meeting shall be passed by more than one-half of all members (excluding members not present at the meeting).
- Article 15 The Audit Committee may vote on a show of hands or on a poll at the meetings. Meetings may be convened in the form of communications over the resolutions, provided that the members may fully express their opinions.
- Article 16 The secretary to the Audit Committee may sit in on the meetings of the committee. The committee may invite directors, supervisors, the CFO and relevant senior management of the Company who are not members to sit in on the meetings if it considers necessary, provided that those who are not members do not have voting rights over the resolutions.
- Article 17 The Audit Committee shall be provided with sufficient resources (including the resources for seeking independent legal and professional advice) to perform its duties. Relevant departments of the Company shall give cooperation and the expenses incurred shall be borne by the Company.
- Article 18 The procedures for convening the meeting, means of voting and resolutions passed at the meeting of the Audit Committee shall comply with relevant laws, regulations, regulatory requirements of the place where the Company's shares are listed, the Articles and the provisions of these Rules.
- Article 19 The Audit Committee shall maintain minutes of the meeting, and the members attending the meeting shall sign on the minutes. The minutes shall be maintained by the secretary to the board of directors.
- Article 20 Resolutions and voting results adopted at the meetings of the Audit Committee shall be reported to the board of directors in writing.

Article 21 Members attending and sitting in on the meeting shall keep confidential of all matters discussed at the meeting. Disclosure of the relevant information without the authorization of the board of directors shall be prohibited.

### **Chapter 6 Supplementary Provisions**

Article 22 In case of any item that has not been covered in these Rules, or in the event of any conflict with relevant laws, regulations, regulatory requirements of the place where the Company's shares are listed and the requirements of the Articles, the laws, regulations, regulatory requirements of the place where the Company's shares are listed and the Articles shall govern.

Article 23 These Rules shall take effect from the date of consideration and approval by the board of directors, and the same shall apply when they are amended.

Article 24 The right to interpretation of these Rules shall be vested in the board of directors.

Board of Directors  
**Shanghai Fosun Pharmaceutical (Group) Co., Ltd.\***  
22 March 2024

*Note: If there is an inconsistency between the English and Chinese versions of these rules, the Chinese version shall prevail.*

*\* For identification purpose only*