

FOSUN 复星

FOSUN GROUP Internal Audit Policy

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[Audit Department]

Fosun Group
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Chapter 1 : Introduction

1. In order to enhance the internal management and audit supervision of Fosun Group, safeguard the legal rights and interests of the Group and ensure the healthy development of business, this policy was established in accordance with the Audit Law of the People's Republic of China, the Regulations for the Implementation of the Audit Law of the People's Republic of China, the Regulations for Internal Audit of the National Audit Office, and other relevant laws and regulations, and the Corporate Governance Code of the Stock Exchange of Hong Kong.
2. Internal audit is an evaluation activity carried out by the company's internal audit department to assess the effectiveness of the company's internal control and risk management operations, the authenticity and integrity of financial information, and the efficiency and effectiveness of its operations. This Policy is established in accordance with relevant laws and regulations to enhance internal audit supervision, with the ultimate aim of improving business management, enhancing internal controls, increasing profitability, mitigating business risks, and protecting the legal rights and interests of shareholders.
3. This policy is applicable to Fosun Group and its subsidiaries.
4. Internal audit department established independently by subsidiaries under the Fosun Group shall carry out internal audit work in accordance with this Policy.

Chapter 2 : Internal Audit and Auditor

5. Fosun Group has established an independent audit department at the headquarters level. The audit department shall maintain independence and is accountable and reportable to the Board of Directors and Audit Committee.
6. The internal audit department established by subsidiaries of the Group shall report both to the Group audit department and the relevant management of the respective subsidiaries. Audit-related matters shall be subject to the line management of group audit department, and administrative matters shall be reported to the top management of the respective subsidiaries.
7. Internal auditors shall receive continuing education and special audit-related training to constantly update their professional knowledge and improve their capabilities. Specific requirements shall be implemented in accordance with the China Internal Audit Association "Internal Auditor Training Measures".
8. Internal Auditors shall have the following abilities :
 - 1) Be familiar with relevant policies, laws, regulations, and modern enterprise systems;
 - 2) Have the relevant audit knowledge and skills, and be proficient in applying internal audit standards, procedures and techniques;
 - 3) Have business management and other related professional knowledge, as well as audit, accounting, risk management, information technology or related professional experience;
 - 4) Be familiar and knowledgeable with business management and products, etc.;
 - 5) Have strong organization, coordination, investigation, research, analysis, professional judgment, writing and computer skills;
 - 6) Have sufficient knowledge about fraud prevention and possess the ability to identify potential fraud.
9. In conducting audit work, internal auditors shall apply the principle of materiality and maintain due professional caution.
10. The Group shall, in accordance with law, protect internal auditor from interference by other departments or individuals in carrying out normal internal audit work. The auditee shall actively cooperate, and no organization or individual shall refuse, obstruct, undermine or retaliate against internal auditors who adhere to relevant principles of work. Units and individuals that violate these provisions shall be given administrative sanctions or economic

penalties by the company according to the seriousness of the circumstances, or shall be handed to the relevant authorities.

11. Internal auditors shall audit in accordance with the law. In fulfilling their duties, internal auditors shall remain honest, objective, impartial, prudent and modest, and shall not engage in fraudulent behaviour.
12. An internal auditor shall avoid auditing any process in which they have a vested interest.

Chapter 3 : Responsibilities and Authority of Internal Audit Department

13. The Fosun Group Audit Department shall conduct all-round and multi-level audit work in accordance with national laws, regulations and policies, as well as the relevant rules and regulations of the Company, in order to supervise and evaluate the authenticity, legality and efficiency of the internal management activities of the Group.

The Internal Audit Department shall be entrusted with the following responsibilities :

- 1) Draft policies and procedures pertaining to Internal Audit activities in accordance with the relevant laws, regulations and company policies;
 - 2) Develop annual audit work plans;
 - 3) Organize and execute internal audit work and report audit results to the Board of Directors;
 - 4) With the approval of Fosun's board of directors, the Group's internal audit department has the right to audit the relevant departments and subordinate enterprises of the group.
 - 5) Guide and supervise subsidiaries to establish internal audit department and hire internal auditor;
 - 6) Guide and supervise internal audit work carried out by subsidiaries;
 - 7) Supervise the Company's compliance with relevant regulations such as national financial laws and regulations;
 - 8) Assist in the establishment and improvement of anti-fraud mechanisms, anti-fraud focus areas, and pay attention to fraud when conducting internal audit activities;
 - 9) Lead and organize continuous learning programs, training events and theoretical research efforts;
 - 10) Summarize, exchange and promote internal audit work achievements, and recognize and reward outstanding internal audit units and individuals;
 - 11) Complete other audit matters assigned by the board of directors.
14. Internal audits shall normally englobe all areas relevant to the Company's operations. The areas covered shall include but are not limited to : financial reporting, sales and collection, procurement and payment, inventory management, fixed asset management, fund management, investment and financing management, human resources management, information systems management and information disclosure services management. Internal audit is mainly divided into three segments : financial audit, internal audit and special audit. Audit department can adjust the above-mentioned business processes according to the characteristics of the Company.
 - 1) Financial audit includes the auditing of assets, costs, investments, profits, etc. A main focus shall be placed on the company's financial plan and budget, credit plan, financial revenues and expenditures, financial management internal control processes implementation of internal audit supervision;
 - 2) The internal audit is mainly the supervision of the internal management and control system of the company's funds, materials, procurement, marketing and the implementation of the national financial regulations. Urge the company to establish and improve the internal control system, promote the improvement and strengthening of the company's management, to ensure the company's sustained and rapid development;

- 3) Special audit includes project audit, fraud audit, exit audit, etc. Their main purpose is to audit the company's income, costs, expenses, accounts receivable, and other items that have a significant impact on the company's assets, liabilities, profits.
15. The Internal Audit Department, in fulfilling their duties, is entitled to the following rights :
 - 1) The relevant units are required to submit in a timely manner documents and information required to complete relevant audit work;
 - 2) Obtain and review supporting documents, accounting records, bank reconciliations, etc. to validate cash and assets accounts;
 - 3) Obtain access to the information systems and data stored in these systems of relevant units
 - 4) Attend meetings related to audit matters or convene meetings related to audit matters;
 - 5) Investigate matters identified in the auditing process by obtaining the relevant documents, information and other supporting materials;
 - 6) In the case of an ongoing serious violation of the Company's policies, national and local laws and regulations, which can lead to potential economic loss and/or waste, a temporary decision to cease the harmful actions shall be made with the consent of the person in charge of the unit concerned;
 - 7) In the event of obstruction of internal audit work and refusal to provide relevant information, the person in charge of the relevant unit shall take the necessary interim measures and make recommendations for holding the persons concerned accountable;
 - 8) Put forward recommendations to improve business management efficiency, and how violations of the Company's policies, national and local laws and regulations are handled;
 - 9) Provide recommendations on how personnel who have violated the Group and relevant unit's policies, national and local laws and regulations, leading to economic loss and waste, shall be treated;
 - 10) The person in charge of the relevant unit shall have the right to collect and temporarily seal the accounting records, financial documents, and other paper or electronic documents pertinent to relevant audit work that are at risk of being transferred, concealed, tampered with, or destroyed.
 - 11) Have the right to supervise and guide the business of internal audit department and internal auditor of the relevant subsidiaries, and have access to the internal audit materials of the relevant subsidiaries;
 - 12) The right to temporarily deploy internal auditor of subsidiaries to participate in group internal audit projects.

Chapter 4 : Internal Audit Procedures

16. The Audit Department shall, based on the actual situation of the Group, formulate specific annual audit work plans, which shall be implemented after being approved by the Audit Committee and the Board of Directors. For the projects that have been included in the annual audit work plan, the audit department has the autonomy to conduct the required work. Other audit work shall be conducted in accordance with the authorization of the relevant authorized departments.
17. According to the annual audit work plan, the audit department determines the auditee and designates the person in charge of the project according to circumstances. Based on a preliminary understanding of the auditee's operational and financial processes, the project leader prepares an internal audit plan, determines the specific audit time, scope, and audit method, and puts it to execution once approved by the head of the audit department.
18. With the exception of surprise audits, internal audit generally notices the auditee in advance. The audit department puts together an audit team according to the internal audit plan and notifies the auditee of the following pieces of information in writing : the beginning date of the audit, the audit timeframe, the scope, the methods, the requirements and the

names of the audit team members. After receiving the written notice, the auditee shall carefully prepare in accordance with the requirements of the notice with the full cooperation.

19. Internal audit work shall be carried out in strict accordance with the following procedures:
 - 1) An internal audit plan shall be formulated prior to the execution of the audit work, and a written notice shall be handed to the auditee;
 - 2) Internal auditors shall conduct a careful and detailed examination of the relevant documents, inquire relevant personnel in order to obtain sufficient and appropriate audit evidence. The results of these procedures shall be recorded in written form.
 - 3) Internal auditors shall perform a comprehensive analysis after carrying out the above two procedures, to identify areas where further evidence is required. The audit report shall be drafted after further evidence has been conducted and fraud issues verified.
 - 4) The risks identified and reported shall be rated in accordance with the following criteria:
 - Significant risk** – Extreme lack of internal controls or serious violations of company policies and / or applicable regulations. The possibility of damage to the company's legal, financial, physical and / or reputation is high. Unacceptable risks to employees or the company. The auditee's management must take urgent action. The risk of fraud is high.
 - Medium risk** – lack of internal controls or violations of company policies and / or applicable regulations. There is a possibility of damage to the company's legal, financial, physical and / or reputation. The audited management must take action. There is a potential risk of fraud.
 - Low risk** – minor internal control deficiencies or minor violations of company policies and / or applicable regulations. Requires management's attention. There is little or no risk of fraud.
 - 5) The internal audit report shall solicit opinions from the auditee. The auditee shall provide written opinions within five working days from the date of receipt of the internal audit report. If no written opinion is submitted within the time limit, it shall be deemed that no objection has been raised.
 - 6) The internal audit report shall include improvement recommendations, and the auditee shall, in accordance with the improvement recommendations, present a written improvement plan within five working days from the date of receipt of the internal audit report, specifying the actions to be taken and their respective timeframes.
 - 7) The internal audit report, including the auditee's response and improvement plan, shall be submitted to the board of directors for approval.
 - 8) Follow-up audits are conducted according to needs, and the implementation of the improvement plan presented by management shall be closely followed.
20. The responsibilities of the auditee's management shall not be replaced, reduced or relieved because an audit was conducted.
21. The audit department shall exercise best efforts to preserve working papers, audit reports and related materials in accordance with the Group's Confidentiality Policy and Archives Management Policy.
22. The internal audit department of each subsidiary shall establish the following reporting system:
 - 1) Each subsidiary's internal audit department shall implement a regular (quarterly, annual) reporting system to the person in charge of the unit, and a special (timely) reporting system for major issues;
 - 2) The internal audit department of each subsidiary shall implement reporting system that regularly (quarterly, annual) reports to the Group audit department, a special (timely) reporting system for major issues; and a special reporting system based on the special audit or investigation arranged by the audit department;
 - 3) The main contents of the audit project plan implementation report include project progress, identified issues, resolutions, recommendations, measures, etc.

Chapter 5 : Professional Ethics and Work Discipline

23. Internal audit is an integral part of the company's internal control mechanisms. Auditors are the main constituents of the internal audit function and are the ones in charge of carrying out internal audit work. It is necessary to practice professional ethics, strictly observe audit work discipline, and establish a good professional image.
24. When conducting internal audits, internal auditors shall conform to the following rules :
- 1) Material issues identified shall not be concealed;
 - 2) No collusion shall be formed with auditees to issue audit reports with fabricated issues;
 - 3) No interference of the auditee's business activities;
 - 4) No gift of any kind, offered by auditees, shall be accepted. The related expenses shall not be submitted to be expensed by auditees.
 - 5) During the period the audit is being conducted, internal auditors shall not attend events such as banquets, entertainment activities, touring and other activities organized by the auditee using public funds;
 - 6) Confidential information concerning auditees shall not be disclosed.
25. Auditors who abuse their powers, engage in malpractices for personal gain, neglect their duties, or fail to abide by the confidentiality policy, shall be given administrative sanctions or economic penalties according to the seriousness of the case. If it is apparent that a crime may have been committed, the relevant individuals may be handed over to the relevant judicial authorities.
26. The audit department has the right to propose administrative sanctions and economic responsibilities to management, the audit committee and the board of directors according to the seriousness of the displayed behaviors, as follow:
- 1) Refuse to provide or delaying the provision of related documents, accounting records and other supporting materials;
 - 2) Obstruction of internal audit work by exercising their powers and resisting audit supervision and inspection;
 - 3) Falsification and concealment of the truth;
 - 4) Refuse to implement audit recommendations;
 - 5) Retaliate against internal auditors;
 - 6) Retaliate against internal auditors, whistleblowers and other individuals who've provided faithful reports on audited matters;
 - 7) Other acts that hinder the work of internal auditors.

Chapter 6 : Supplementary Provisions

27. Matters not covered in this policy shall be handled in accordance with other company policies and the relevant national laws, regulations. If this policy conflicts with laws, regulations or articles modified by legal procedures, the relevant laws, regulations and company articles override.
28. The Group audit department is responsible to explain and interpret this Policy.
29. This Policy takes effect upon its announcement.

Remarks: In case of discrepancy in interpretation, the Chinese version shall prevail.