

**YiChang HEC ChangJiang Pharmaceutical Co., Ltd.**  
**宜昌東陽光長江藥業股份有限公司**

**Terms of Reference of  
the Nomination Committee  
of the Board of Directors of the Company (the “Board”)**

**Adopted on 6 December 2015**

## **Chapter 1 General Provisions**

**1** In order to regulate the selection and appointment of directors and senior management of YiChang HEC ChangJiang Pharmaceutical Co., Ltd. (the “Company”), and pursuant to the *Company Law of the People’s Republic of China*, *Code of Corporate Governance for Listed Companies*, *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the “Listing Rules”), and the Articles of Association of YiChang HEC ChangJiang Pharmaceutical Co., Ltd. (the “Articles of Association”) and other relevant regulations, the Company has set up the Nomination Committee of the Board and formulated these terms of reference (the “Terms”).

**2** The Nomination Committee is a specific working body set up by the Board in accordance with the Articles of Association. Its main responsibilities are to determine procedures and standards for selection and appointment of directors and senior management of the Company, conduct preliminary examination and verification on the qualifications and conditions of candidates, and advise the Board.

**3** The Nomination Committee shall be responsible to the Board and report its work to the Board.

## **Chapter 2 Composition**

**4** The Nomination Committee shall comprise no less than three directors, the majority of whom shall be independent non-executive directors of the Company.

**5** Members of the Nomination Committee shall be nominated by the chairman of the Board and elected by the Board.

**6** The Nomination Committee shall have a chairman who shall be chairman of the Board or an independent non-executive director. The chairman of the Nomination Committee shall be responsible for leading the work of the Nomination Committee. Where the chairman cannot perform his/her duties, another member who is an independent non-executive director shall be appointed to perform duties on his/her behalf. If no such member is appointed by the chairman, an independent non-executive director shall be elected by more than half of the members of the Nomination Committee to act as chairman. The chairman of the Nomination Committee shall be elected from the members and be reported to the Board for approval.

The chairman of the Nomination Committee shall exercise the following duties:

- (1) To take charge of the duties of the Nomination Committee;
- (2) To convene and preside over the regular and extraordinary meetings of the Nomination Committee;
- (3) To supervise and examine the implementation of resolutions adopted by the Nomination Committee;
- (4) To execute important documents of the Nomination Committee;
- (5) To report to the Board on a regular basis;
- (6) To perform other duties and powers delegated by the Board.

**7** The term of office of the Nomination Committee shall be the same as that of the Board. A member may serve consecutive terms if re-elected upon expiry of his/her term. If any member no longer holds the position as director of the Company, he/she shall automatically lose his/her position as committee member, and the vacancy shall be filled by the Board in accordance with the provisions of Articles 4 to 6 above.

**8** The Nomination Committee could have a secretary to assist with the work of the Nomination Committee. The human resource department of the Company and its department head or other departments or personnel of the Company designated by the Nomination Committee from time to time shall undertake the relevant work of the secretary of the Nomination Committee.

The secretary of the Nomination Committee shall be responsible for collecting and providing information in relation to domestic and foreign human resources management, providing the Nomination Committee with advice and shall also be responsible for the preparation of relevant meeting documents.

### **Chapter 3 Duties and Authorities**

**9** The main duties and authorities of the Nomination Committee include:

- (1) To review the structure, size and composition (including the expertise, knowledge and experience) of the Board at least once a year and make suggestions on any proposed adjustments to the Board to be in line with the strategies of the Company;
- (2) To identify individuals suitably qualified to become Board members or senior management and select or advise the Board on the selection of, individuals nominated for directorships or senior management positions;
- (3) To assess the independence of independent non-executive directors;
- (4) To advise the Board on relevant matters relating to the appointment or re-appointment of directors and succession plans for directors, the chairman and the chief executive officer in particular;
- (5) To establish a talent pool of qualified candidates for senior management, to formulate procedures and standards for selection and appointment of senior management personnel, and to conduct a preliminary review on the qualifications and conditions of relevant candidates, and make suggestions to the Board;
- (6) To develop a policy concerning diversity of Board members, and disclose the policy or a summary of the policy in the corporate governance report; and
- (7) Other matters authorized by the Board.

**10** The Nomination Committee shall make its terms of reference publically available, explaining its role and the authority delegated by the Board.

## **Chapter 4 Working Procedures**

**11** The procedures for the Nomination Committee to conduct a preliminary review on the qualifications of candidates to be appointed as directors or senior management personnel:

- (1) To evaluate candidates proposed by the authorized persons set out in the Articles of Association of the Company;
- (2) To seek for comments from the candidates;
- (3) To convene Committee meetings, and to review the qualifications and conditions of the candidates in accordance with the conditions of engagement of the directors and senior management as set out in laws, regulations, rules, regulatory documents and in the Articles of Association of the Company;
- (4) To advise the Board in respect of candidates to be appointed as directors or senior management personnel;
- (5) To conduct other subsequent work in accordance with the decisions of the Board.

## **Chapter 5 Rules of Procedures for Meetings**

**12** Regular meetings of the Nomination Committee shall be held at least once a year and in principle be held during the regular meetings convened by the Board. A notice of meeting shall be given to all members at least seven days prior to the meeting, but such notice period can be waived by unanimous consent of all members.

**13** The chairman of the Nomination Committee or more than half of the members of the Nomination Committee may propose to convene an extraordinary meeting. A notice of extraordinary meeting shall be given to all members at least three days prior to the meeting, but such notice period can be waived by unanimous consent of all members.

**14** The members of the Nomination Committee shall attend the meetings in a serious and responsible manner, and clearly express their views on the proposals considered at the meeting. In case a member is unable to attend the meeting of the Nomination Committee in person, he/she shall appoint another member in writing as a proxy to vote on his/her behalf and the member giving the proxy shall bear legal responsibility independently.

The power of attorney shall state the name of such proxy, the relevant matters, scope of authorization and validity period, and shall be signed by the appointer or a chop shall be affixed. The member attending a meeting on behalf of other member shall produce such power of attorney and exercise the rights within the scope of authorization.

**15** If a member of the Nomination Committee fails to attend meetings consecutively for two times where such member also fails to appoint other members to attend on his/her behalf, such member shall be deemed as failure to perform his/her duties. The Nomination Committee shall propose to the Board to remove such member.

**16** The meetings of the Nomination Committee can only be held when at least half of its members are present. The meetings shall be held by way of physical meetings in principle, however may be held by way of telecommunication or by way of written resolution provided that the members are able to freely express their views and the procedures are in compliance to relevant regulatory requirements.

By way of telecommunication means more than half of the members attend the meeting via telephone, video or other means of communications; by way of written resolution means the members considering and approving the resolution sent to each member separately or circulated to each member.

**17** All meetings shall be chaired by the chairman of the Nomination Committee. The chairman of the Nomination Committee may appoint another member who is an independent non-executive director to chair the meeting if he/she is not able attend this meeting.

**18** The Nomination Committee shall vote by a show of hands or by a poll, and each member is entitled to one vote. Approval of any resolution at a Committee meeting shall require one-half or more of the votes.

**19** Directors and senior management of the Company who are not members of the Nomination Committee may be invited to attend such meetings if necessary.

**20** Minutes of Nomination Committee meetings shall be kept by the office of the Board or other departments designated by the Board to record in detail the matters considered and decisions made by the Nomination Committee over the meeting. Attending members shall have rights to request to add explanatory notes to their speeches in the minutes, including any concerns raised or dissenting views expressed by members. Draft version of minutes of Committee meetings shall be sent by the office of the Board or other departments designated by the Board to all members of the Nomination Committee for their comment within a reasonable time after the meeting. Draft versions of minutes are for members to review and final versions of minutes will be sent to all directors. Minutes shall be signed by members of the Nomination Committee attending the meeting. Minutes of the meeting shall be kept by the office of the Board or other departments designated by the Board as an archive of the Company.

**21** Resolutions and voting results passed at the meeting of the Nomination Committee shall be reported in writing to the Board.

**22** Members of the Nomination Committee and other persons present at a meeting shall be obliged to keep all matters discussed at such meeting confidential, and shall not disclose any relevant information without authorization.

**23** The office of the Board or other department designated by the Board shall be responsible for submitting proposals, organizing meetings, overseeing the implementation and feedback of the resolutions of the Nomination Committee, liaising and coordinating with the Nomination Committee and the secretary. The Nomination Committee shall be provided with sufficient resources to perform its duties and the relevant departments of the Company shall cooperate accordingly. The Nomination Committee may consult external experts and intermediaries for independent professional advices on its decisions if necessary, and the Company shall bear reasonable costs incurred.

## **Chapter 6 Supplementary Provisions**

**24** In these Terms, the scope “above” a number shall include the number itself while the scope “more than” a number shall exclude the number itself.

**25** These Terms are passed by the Board and shall be effective and put in use from the date on which the H Shares of the Company were listed on The Stock Exchange of Hong Kong Limited.

**26** Any matters not covered by these Terms or in any event that these Terms contravene any laws, regulations, rules, regulatory documents, rules governing the listing of securities on the listing place of the shares of the Company or the Articles of Association, the laws, regulations, rules, regulatory documents, rules governing the listing of securities on the listing place of the shares of the Company and the Articles of Association shall prevail.

**27** The power of interpretation of these Terms shall be vested in the Board.

*These Terms of Reference are written in Chinese. If there is any discrepancy between the Chinese version and the English version, the Chinese version shall prevail.*