

CHINA RESOURCES PHARMACEUTICAL GROUP LIMITED (華潤醫藥集團有限公司)

(Incorporated in Hong Kong with limited liability)

Terms of Reference for Nomination Committee (adopted on 14 September 2016 and amended on 17 December 2018)

Definitions

1. For the purposes of these terms of reference (the “**Terms**”):

Board means the board of directors of the Company.

Company means China Resources Pharmaceutical Group Limited.

Company Secretary means the company secretary of the Company.

Directors mean the members of the Board.

Group means the Company and its subsidiaries (as defined under the Listing Rule) from time to time, and, for the period before the Company became the holding company for such subsidiaries, the entities which carried on the business of the Group.

Nomination Committee means the nomination committee established by the resolution of the Board in accordance with clause 2 of these Terms.

Senior Management means the executive Directors and other members of senior management referred to in the Company’s prospectus issued in connection with its initial listing on the Stock Exchange or in its most recent annual report and any such other officer of the Group determined by the Board from time to time as senior management of the Company.

Shareholders mean the shareholders of the Company.

Stock Exchange means The Stock Exchange of Hong Kong Limited.

Constitution

2. The Nomination Committee was established by resolutions of the Board on 20 May 2016.

Membership

3. The members of the Nomination Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three members, a majority of whom should be independent non-executive Directors.
4. The chairman of the Nomination Committee shall be appointed by the Board and shall be the chairman of the Board or an independent non-executive Director.
5. The Company Secretary shall be the secretary of the Nomination Committee. The Nomination Committee may, from time to time, appoint any other person with the appropriate qualification and experience as secretary of the Nomination Committee.

Frequency and conduct of meetings

6. Meetings shall be held at least once a year. The chairman of the Nomination Committee shall convene a meeting upon request by any member of the Nomination Committee.
7. Notice of any meetings shall be given at least 2 days prior to any such meeting being held, unless all members of the Nomination Committee unanimously waive such notice. Irrespective of the length of notice being given, attendance of a meeting by a member of the Nomination Committee shall be deemed waiver of the requisite length of notice by such member. An agenda and accompanying meeting papers should be sent in full to all members in a timely manner and at least 1 day before the intended date of a meeting of the Nomination Committee (or such other period as agreed by its members).
8. The quorum for meetings of the Nomination Committee shall be two members. Members shall attend the meetings in person, or by telephone (or other similar communication equipment), as long as all the attendants of the meeting could listen and talk among themselves during the meeting. Under such circumstances, the attendants shall be considered as attending the meeting in person, counted in the quorum and entitled to vote.
9. Resolutions of the Nomination Committee at any meetings shall be passed by a majority of votes of the members of the Nomination Committee present. A resolution in writing signed by all the members of the Nomination Committee shall be as valid and effectual as if it had been passed at a meeting of the Nomination Committee duly convened and held.

10. The Senior Management is obliged to supply the Nomination Committee with adequate information in a timely manner, in order to enable it to make informed decisions. The information supplied must be complete and reliable. Where a member of the Nomination Committee requires more information than is volunteered by the Senior Management, the relevant member of the Nomination Committee should make additional necessary enquiries. The Nomination Committee and each of its members shall have separate and independent access to the Senior Management.

Authority

11. The Nomination Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Nomination Committee.
12. The Nomination Committee is authorised by the Board to obtain outside independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if the Nomination Committee considers this necessary. The Nomination Committee shall be provided with sufficient resources to discharge its duties. The Nomination Committee should be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any external consultant who advises the Nomination Committee.

Duties

13. The duties of the Nomination Committee shall include:
 - (a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
 - (b) developing and maintaining a policy for the nomination of the Directors which includes the nomination procedures and the process and criteria adopted by the Nomination Committee to identify, select and recommend candidates for directorship during the year, and reviewing periodically and disclosing the policy and progress made towards achieving the objectives set in the nomination policy in the corporate governance report of the Company;
 - (c) developing and maintaining a policy concerning the diversity of the Board, and reviewing periodically and disclosing in the diversity policy or a summary of the policy in the corporate governance report of the Company;

- (d) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive. The Nomination Committee shall make recommendations on appointment of Directors with due regard to the diversity policy of the Company and in accordance with the challenges and opportunities faced by the Company;
- (e) identifying individuals suitably qualified to become Board members (including whether the individuals can bring to the Board the perspectives, skills and experiences and how the individuals can contribute to the diversity of the Board) and selecting or making recommendations to the Board on the selection of individuals nominated for directorship with regard to the nomination policy of the Company;
- (f) assessing the independence of independent non-executive Directors with regard to the requirements of the Listing Rules (as amended from time to time);
- (g) assessing the number of directorship of other listed companies held by candidates to be nominated as the independent non-executive directors of the Company. If the candidate will be holding his/her seventh or more listed company directorship, the Board has to be satisfied that the candidate would still be able to devote sufficient time to the Board;
- (h) before making any appointment recommendations to the Board, evaluating the balance of Directors based on (including but not limited to) gender, age, cultural and education background or professional experience, and, in the light of this evaluation preparing a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Nomination Committee shall:
 - (i) use open advertising or the services of external advisers to facilitate the search;
 - (ii) consider candidates from a wide range of backgrounds; and
 - (iii) consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position;
- (i) reviewing annually the time required from non-executive Directors and independent non-executive Directors. Performance evaluations should be used to assess whether the non-executive Directors and independent non-executive Directors are spending enough time in fulfilling their duties; and

- (j) ensuring that Directors receive a formal letter of appointment from the Board setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings.
14. The Nomination Committee shall also make recommendations to the Board concerning:
- (a) formulating plans for succession for both executive and non-executive Directors;
 - (b) evaluating the independence of independent non-executive Directors;
 - (c) membership of the Company's Audit and Remuneration committees, in consultation with the chairmen of those committees;
 - (d) the re-appointment of any non-executive Director and independent non-executive Director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
 - (e) the continuation (or not) in service of any Director who has reached the age of 70;
 - (f) any matters relating to the continuation in office of any current Director at any time, including any necessary suspension or termination of service of an executive Director as an employee of the Company subject to the provisions of the law and their service contract;
 - (g) the appointment of any Director to executive Director or other office, other than to the positions of chairman and chief executive, the recommendation for which would be considered at a meeting of the Board;
 - (h) the measurable objectives for achieving diversity on the Board. The Nomination Committee will take into consideration a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience, as well as the Company's business model and specific needs; and
 - (i) conducting any other matters related to the Nomination Committee, in accordance with the instructions from the Board from time to time.

Reporting procedures

15. Full minutes of the Nomination Committee's meetings should be kept by a duly appointed secretary of the meeting (who should normally be the Company Secretary), and such minutes shall be available for inspection at any reasonable time on reasonable notice by any Director.
16. Minutes of meetings of the Nomination Committee shall record in sufficient detail the matters considered by the Nomination Committee and decisions reached, including any concerns raised by Directors, members or dissenting views expressed. Draft and final versions of minutes of the meetings should be sent to all members of the Nomination Committee for their comment and records within a reasonable time after the meetings.
17. Without prejudice to the generality of the duties of the Nomination Committee set out above, the Nomination Committee shall report back to the Board and keep the Board fully informed of its decisions and recommendations, unless there are legal or regulatory restrictions on its ability to do so.

Terms available

18. The Nomination Committee shall make available these Terms by inclusion on the website of the Stock Exchange and the Company's official website for corporate communications.