



CHINA MEDICAL SYSTEM HOLDINGS LIMITED

康哲藥業控股有限公司*

(Incorporated in the Cayman Islands with Limited Liability)

(Stock Code: 867)

The Nomination Committee Terms of Reference

(Revised and effective since 31 July 2020)

The nomination committee (the “**Committee**”) of China Medical System Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) was established in accordance with the resolution passed by the Company’s board of directors (the “**Board**”) in 2007. The terms of reference of the Committee (the “**Terms of Reference**”) were revised by the Board on 31 July, 2020. The Terms of Reference are available in English and Traditional Chinese, and the Traditional Chinese version is a translated version for reference only.

1. Composition

- 1.1 The Committee is formed by the Board from its directors (the “**Director(s)**”). The Committee has at least three members (the “**Member(s)**”), and most of the Members must be independent non-executive Directors.
- 1.2 The chairman of the Committee is appointed by the Board and must be the chairman of the Board or an independent non-executive Director.
- 1.3 All Members are appointed and dismissed by the Directors themselves. The Board may change the composition of the Committee in response to the Listing Rules of the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as amended from time to time or the rules of any other exchange where the Company’s shares are listed or seeking listing, or other laws, regulations and rules recognized by the applicable regulatory authority from time to time.
- 1.4 The company secretary of the Company or its authorized representative is the secretary to the Committee (the “**Secretary to the Committee**”).

**For identification purpose only*

2. Meeting Proceedings

- 2.1 The quorum for meetings of Committee is two Members, and most of the Members present must be independent non-executive Directors.
- 2.2 The Committee shall meet at least once a year, and additional meetings may be held when circumstances require it.
- 2.3 The meeting can be attended by Members in person, or by telephone or video.
- 2.4 Only Members present at the meeting can be counted as a quorum and have the right to vote. Each Member has one vote, and the Committee's resolution at any meeting must be passed by a majority of the Members present. The written resolution signed by all Members shall have the same legal effect as the resolution passed at a legally convened and held meeting of the Committee.
- 2.5 The chairman or if the chairman is vacant, another Member (must be an independent non-executive Director) should attend the Company's annual general meeting and be prepared to answer questions from shareholders about the activities and duties of the Committee.

3. Authority

- 3.1 All employees of the Group and professional consultants are required to provide the information required by the Committee to perform its duties, prepare and submit reports, attend meetings of Committee and answer related questions.
- 3.2 Review the performance of Directors and the independence of independent non-executive Directors in the appointment or re-appointment of Directors.
- 3.3 Seek legal or other independent professional advice (including independent human resources consulting companies or other independent professionals) on related matters in accordance with the Terms of Reference. If the Committee needs it, outsiders with relevant experience and professional talents can be invited to attend the meeting of Committee. The Committee has the right to conduct investigations (including but not limited to litigation, bankruptcy and reputation checks), report or public solicitation and obtain sufficient resources to perform its duties as it deems necessary to help it perform its duties. The aforementioned costs shall be borne by the Company.

4. Duties

- 4.1 Review the structure, size and composition (including but not limited to skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy.

- 4.2 Review and maintain the policy for the nomination of Directors which shall include the nomination procedures and the process and criteria adopted by the Committee to identify, select and recommend candidates for directorship during the year and regularly review and make disclose of a summary of such policy in the Company's corporate governance report.
- 4.3 Review and maintain the policy concerning diversity of Board members and regularly review and make disclosure of a summary of such policy in the Company's corporate governance report.
- 4.4 Identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships.
- 4.5 Assess the independence of independent non-executive Directors.
- 4.6 Make recommendations to the Board on the appointment or re-appointment of Directors and succession plan of Directors (especially the chairman and chief executive).
- 4.7 Propose suggestions on the following matters to the Board:
 - (a) The roles, responsibilities, abilities, skills, knowledge and experience required by Board members;
 - (b) Policy on the conditions for appointing non-executive Directors;
 - (c) The composition of the Audit Committee, Remuneration Committee and other Board committees;
 - (d) The proposed changes to the structure, number and composition of the Board;
 - (e) Retiring directors shall be appointed by shareholders of the Company in rotation, in which case their performance and ability to continue to contribute to the Board shall be considered;
 - (f) When consider the retention of independent non-executive Directors who have served for more than nine years, advise the shareholders of the Company on whether to approve or disapprove the relevant resolutions on the continued appointment of such independent non-executive Directors;
 - (g) Evaluate the number of the directorship for other listed issuers of independent non-executive Director candidates (if the candidate will serve as a director for seven or more listed companies), and confirm that the candidate can still devote sufficient time to the Board.

5. Reporting Proceedings

- 5.1 The Secretary to the Committee shall properly keep complete minutes of meetings of the Committee. The minutes of the meeting may be available for inspection by any Director within any reasonable time after reasonable notice has been given.
- 5.2 The Secretary to the Committee shall be responsible for preparing the minutes of the meetings of the Committee. The first draft and final draft of the meeting minutes shall be sent to all Members within a reasonable time after the meeting. The first draft is for Members to express their opinions and the final draft is used for their records.
- 5.3 Unless restricted by law or regulation, the Committee must report to the Board and must make the Board fully aware of its findings, decisions and recommendations.

6. Supplementary Provisions

- 6.1 The Terms of Reference shall come into force upon approved by the Board.
- 6.2 For the matters which are not covered by the Terms of Reference or are not in congruence with the provisions of the newly issued or revised laws, regulations and regulatory documents, the Listing Rules and the articles of association of the Company upon the Terms of Reference become effective, the relevant laws, regulations and regulatory documents, the Listing Rules and the articles of association of the Company shall prevail.
- 6.3 The right to interpret and amend the Terms of Reference shall reside with the Board.

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