

# **TERMS OF REFERENCE FOR THE NOMINATION COMMITTEE UNDER THE BOARD OF DIRECTORS OF**

## **GUANGDONG KANGHUA HEALTHCARE GROUP CO., LTD.**

### **CHAPTER 1 GENERAL PROVISIONS**

**Clause 1** To standardize the nomination procedures of directors and senior management of Guangdong Kanghua Healthcare Group Co., Ltd. (the “**Company**”), optimize the composition of the board of directors of the Company (the “**Board**”) and enhance the corporate governance structure, in accordance with laws and regulations and regulatory documents including the Company Law of the People’s Republic of China (the “**Company Law**”), the Articles of Association of Guangdong Kanghua Healthcare Group Co., Ltd. (the “**Articles**”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and other applicable laws, regulations and relevant provisions of the Hong Kong Special Administrative Region of the People’s Republic of China, the Company has established the nomination committee of the Board (the “**Committee**”) and formulated the Terms of Reference for the Nomination Committee under the Board of Directors of Guangdong Kanghua Healthcare Group Co., Ltd. (the “**Terms**”) taking into account the actual situations of the Company.

**Clause 2** The Committee is a specific working body established by the Board. Its main responsibilities are to give advice and recommendations to the Board on the selection of candidates for the directors (including independent nonexecutive directors), general manager and other senior management positions of the Company.

The term “other senior management members” in the Terms refers to the deputy general managers (also referred to as “vice president”, including “senior vice president”), the chief financial officer, the secretary to the Board and other senior management members designated by the Board of the Company.

### **CHAPTER 2 COMPOSITION OF COMMITTEE**

**Clause 3** The Committee shall comprise at least three directors and the total number of members of the Committee shall be an odd number. The majority of the members of the Committee shall be independent non-executive directors.

**Clause 4** Members of the Committee shall be nominated by the Chairman of the Board or jointly by at least one-third of members of the Board, and shall be elected by more than half of directors of the Board.



**Clause 5** The Committee shall have a chairman, who shall be the Chairman of the Board or an independent non-executive director. The chairman of the Committee shall be appointed by the Board and shall oversee the operation of the Committee. Where the chairman of the Committee is unable to or fails to discharge his/her duty, an independent non-executive director elected by at least half of the members of the Committee shall act in his/her duties. After the proposal of electing members of the Committee has been approved, the new members shall take offices immediately after the meeting of the Board.

**Clause 6** The term of office of the members of the Committee shall be in line with those of the Board members. The members of the Committee may serve consecutive terms if re-elected upon the expiry of the current term of office. Where a member ceases to be a director or a member who is also the independent non-executive director but is no longer considered independent under the Articles and the Listing Rules, he will be disqualified as a member of the Committee accordingly. A member of the Committee may resign prior to the expiry of his/her term of office by submitting a written resignation report to the Board, which shall include the reason(s) for such resignation and if necessary, the matters that should be brought to the attention of the Board. If a member of the Committee is disqualified to act or his/her resignation has been accepted, the Board shall fill in the vacancy by appointing a successor member in accordance with relevant laws, regulations, regulatory documents and Clauses 3 to 5 above. A member of the Committee shall not be removed from office without cause before the expiration of his term of office except where the circumstances arise rendering such member not qualified to serve his position under the Company Law, the Articles or the Listing Rules.

The secretary to the Board shall be responsible for daily liaison, organizing the meetings and implementing resolutions of the Committee as well as handling other related issues.

### **CHAPTER 3 DUTIES AND AUTHORITIES**

**Clause 7** The Committee shall have the following duties and responsibilities:

- (1) to review at least once a year the number, composition and organizational structure of the Board (including the skills, knowledge base and work experience of the Board members), to assist the Board in maintaining a board skills matrix, and to advise on personnel changes of the Board to consolidate the company's development strategy;



- (2) to consider the criteria and procedures for selecting directors, general manager and other senior management members and make recommendations thereon to the Board, develop a policy for the diversification of members of the Board and focus on developing board diversity in the member selection process. Factors to consider include but are not limited to gender, age, culture, education background, and previous experience;
- (3) to seek for candidates for directors and recommend candidates to the Board;
- (4) to review the candidates running for the positions of chief executive officer and other senior management members and make recommendations thereon;
- (5) to review the independence of the independent non-executive directors;
- (6) to propose the plan of appointment, re-appointment and succession of directors to the Board, especially on the positions of chairman of the Board and chief executive officer;
- (7) to evaluate of the structures of committees under the Board, recommend the Board members to serve as members of relevant committees, and submit to the Board for approval;
- (8) to establish the plan for reserving potential directors and senior management members and make updates from time to time;
- (9) to support the Company's regular evaluation of the Board's performance;
- (10) to evaluate the work of directors and provide advice or recommendations on the replacement of directors based on the evaluation results; and
- (11) to deal with other matters as authorized by the Board.

The relevant departments of the Company have the responsibility of coordinating with the Committee to carry out its work and providing relevant materials. The Committee shall be provided with sufficient resources to discharge its duties.

**Clause 8** The Committee may exercise any authority conferred by the Board at such time as it considers necessary. The Committee may, as it considers necessary, engage headhunting firms to assist in seeking for competent candidates for directors and senior management members. The duration and costs of service provided by the aforesaid agencies shall be determined by the Committee and such costs shall be borne by the Company.



**Clause 9** The Committee shall be accountable to the Board. The recommendations provided by the Committee shall be submitted to the Board for consideration and approval. In the absence of sufficient reasons or reliable evidence, the controlling shareholder(s) of the Company shall respect the recommendations provided by the Committee.

#### **CHAPTER 4 WORKING PROCEDURES**

**Clause 10** As the day-to-day working body of the Committee, the Board office shall be responsible for the preliminary preparation work of the Committee and assist in preparing relevant materials for meetings.

**Clause 11** The selection procedures of directors and senior management members are as follows:

- (1) the Board office and the Committee shall actively communicate with the relevant departments of the Company to assess the demand for new directors and senior management members and general written materials;
- (2) the Committee may extensively seek for candidates for directors and senior management within the Company, the Company's subsidiaries/associated corporations/joint ventures as well as in the recruitment market;
- (3) the Committee shall obtain information of the occupation, education background, job title, detailed work experience and all the part-time positions of the preliminary candidates;
- (4) to seek for the written consent from the nominated candidates on the proposed nomination; otherwise, such nominated candidates shall not be considered as candidates for directors, chief executive officer and senior management members;
- (5) to convene Committee meetings to review the qualifications of the preliminary candidates according to the job descriptions of directors, chief executive officer and senior management members;
- (6) to submit proposals and relevant materials to the Board in respect of candidates for directors and senior management members within reasonable time prior to the election of new directors and senior management members; and
- (7) to carry out other follow-up work according to the decision(s) and feedback of the Board.



## **CHAPTER 5 RULES OF PROCEDURES**

**Clause 12** The Committee shall meet at least once a year and the chairman of the Committee may also convene an ad hoc meeting and issue a notice of the meeting. The notice of a meeting and other meeting materials shall be delivered to all members of the Committee at least three days before the date of the meeting. Upon unanimous consent of all members of the Committee, the foregoing requirement of notification period may be waived.

A meeting of the Committee shall be presided over by the chairman of the Committee, in whose absence another independent non-executive director under the authorization of the chairman of the Committee may preside over the meeting in his/her stead.

**Clause 13** The quorum for meetings of the Committee shall be at least two thirds of the total members of the Committee. If a member is unable to attend a meeting, he/she may by a written power of attorney appoint another member to attend and vote at the meeting on his/her behalf. The power of attorney shall set out the name of the proxy, the subject and scope of authorization and the period of the validity of the power of attorney, and shall be signed or officially sealed by the principal and shall be submitted to the moderator of the meeting no later than the commencement of voting.

Resolutions at a meeting shall be passed by the affirmative votes of more than half of the members of the Committee. The respective resolution or opinion shall be signed by members who attend such meeting of the Committee. Each member of the Committee shall have one vote. A member of the Committee may vote for, against or abstain from voting on a given matter. Where the respective votes for and against a resolution are equal in number, the chairman of the Committee shall have a casting vote.

**Clause 14** Meetings of the Committee may be held by means of on-site meetings, by teleconferences, by videoconferences, by circulation of documents and by facsimile or by other appropriate means.

**Clause 15** Where necessary, a director, supervisor and senior management member of the Company may be invited to attend a meeting of the Committee as an observer.

**Clause 16** Where necessary, the Committee may engage agencies to provide professional advice on its decision-making at the cost of the Company.

**Clause 17** The convening procedures, voting method and passing of resolutions of the meetings of the Committee shall be in compliance with relevant laws and regulations, the Articles, and the provisions of the Terms.



- Clause 18** The Committee shall keep minutes of its meetings. Members present at a meeting shall sign the minutes of that meeting. The meeting minutes shall be kept by the secretary to the Board.
- Clause 19** The Committee shall draw clear and definite conclusions on resolutions considered, including approvals, disapprovals or awaiting supplemental information for further consideration. Resolutions passed by the Committee and the voting results shall be reported in writing to the Board for its consideration.
- Clause 20** Members present at the meetings of the Committee and those present as observers shall keep confidential all matters discussed at the meeting and shall not disclose any relevant information without authorization unless the relevant laws, regulations and/or regulatory authorities require the member to do so.

## **CHAPTER 6 SUPPLEMENTARY PROVISIONS**

- Clause 21** For the purpose of the Terms, the expression “at least” includes the numbers following such expression, and “more than half” excludes half.
- Clause 22** The terms have been approved by the Board upon consideration and shall become effective from the date on which the overseas listed foreign shares issued by the Company are listed and traded on The Stock Exchange of Hong Kong Limited. The Board shall have the power to amend and interpret the Terms.
- Clause 23** Any matters not covered herein shall be implemented in accordance with the relevant laws and regulations, relevant regulatory provisions of the place(s) where the Company’s shares are listed, and the Articles. Where the Terms conflict with any relevant laws and regulations, relevant regulatory provisions of the place(s) where the shares of the Company are listed including the Listing Rules, or the Articles, such relevant laws and regulations, relevant regulatory provisions of the place(s) where the shares of the Company are listed including the Listing Rules, and the Articles shall prevail, in which case the Terms shall be amended forthwith and submitted to the Board for consideration and approval.
- Clause 24** The Terms are available in both Chinese and English versions. In case of inconsistencies between the two versions, the Chinese version shall prevail.