

# **Sunshine Lake Pharma Co., Ltd.**

## **Terms of Reference of the Nomination Committee of the Board of Directors**

### **Chapter 1 General Provisions**

**Article 1** In order to establish sound standards and procedures for selection of directors and senior management of Sunshine Lake Pharma Co., Ltd. (the “Company”), optimize the composition of the board of directors of the Company (the “Board of Directors”), and improve the corporate governance structure, and pursuant to the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and other local and overseas regulations for listed companies, as well as the Articles of Association of Sunshine Lake Pharma Co., Ltd. (the “Articles of Association”) which came into effect after the listing of the Company’s H shares, and other relevant provisions of The Stock Exchange of Hong Kong Limited, the Company has set up the nomination committee of the Board of Directors (the “Nomination Committee”) and formulated these terms of reference.

**Article 2** As a specific working body set up by the Board of Directors in accordance with relevant laws and regulations and the Articles of Association, the Nomination Committee shall be responsible to the Board of Directors and report its work to the Board of Directors. Its main responsibilities are to conduct research, review and advise on the candidates, standards and procedures for selection of directors (including independent non-executive directors) and senior management of the Company.

### **Chapter 2 Composition**

**Article 3** The Nomination Committee shall comprise at least three directors, the majority of whom shall be independent non-executive directors.

**Article 4** The members and chairman of the Nomination Committee shall be nominated by the chairman of the Board of Directors, more than half of the independent non-executive directors or more than one-third of all directors for election by the Board of Directors.

**Article 5** The Nomination Committee shall have a chairman who shall be the chairman of the Board of Directors or a member who is an independent non-executive director. The chairman of the Nomination Committee shall be responsible for leading the work of the Nomination Committee. The chairman shall be elected by the Board of Directors.

The chairman of the Nomination Committee is responsible for convening and presiding over the meetings of the Nomination Committee. Where the chairman of the Nomination Committee is unable or fails to perform his/her duties, he/she shall designate another member to perform duties on his/her behalf. In the event that the chairman of the Nomination Committee neither performs his/her duties nor designates another member to perform duties on his/her behalf, any member may report the situation to the Board of Directors, and the Board of Directors shall then appoint a member to perform the duties of the chairman of the Nomination Committee.

**Article 6** The term of office of the members of the Nomination Committee shall be the same as that of the directors. A member may serve consecutive terms if re-elected upon expiry of his/her term. During his/her term of office, if any member no longer holds the position as a director of the Company or any member who shall be an independent non-executive director ceases to have the independence as stated in the Listing Rules, he/she shall automatically lose his/her position as a member, and the vacancy shall be filled by the Board of Directors in accordance with the provisions of Articles 3 to 5 above. No members shall, before the expiration of his/her term of office, be removed from office without reason except for the circumstances that require dismissal as stipulated in the laws and regulations, the Articles of Association or these terms of reference. A member may submit resignation to the Board of Directors prior to the expiration of his/her term of office. Such resignation letter shall specify the reasons for the resignation and any matters which need to be brought to the attention of the Board of Directors. If the number of members of the Nomination Committee falls below the minimum number as provided herein, the resigning member shall continue to perform his/her duties until the appointment of a substitute member to fill his/her place by the Board of Directors.

**Article 7** A member of the Nomination Committee may concurrently serve as a member of other special committees under the Board of Directors if he/she is capable of performing his/her duties. The Nomination Committee shall have a working team, which shall be responsible for daily liaison, meeting preparation and other duties.

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

**Article 8** The duties and authorities of the Nomination Committee include:

- (I) to review the standards and procedures for selection, structure, size, composition and diversity (including but not limited to gender, age, culture and education, expertise, skill, knowledge and term of office) of directors and senior management annually, assist the Board of Directors in maintaining a board skills matrix, and make suggestions on any proposed adjustments to the directors and senior management to be in line with the strategies of the Company;
- (II) to identify qualified candidates of directors and senior management and select such candidates to be nominated as directors or make recommendations to the Board of Directors. As for the identification of suitable candidates, the Nomination Committee shall consider their merits and review measurable targets with due regard to the diversity of the Board of Directors and senior management;
- (III) to advise the Board of Directors on relevant matters relating to the appointment or re-appointment of directors and senior management and succession plans for directors (the chairman and general manager in particular). The Nomination Committee shall, together with the Board of Directors, take into account various factors, including the strategy of the Company, and the personnel skill, knowledge, experience and member diversity to be required;
- (IV) to review, at its discretion, the diversity policy of the Board of Directors; review the measurable targets set by the Board of Directors for implementing such policy and monitor the progress on achieving these targets; and make relevant disclosure in corporate governance report annually;
- (V) to review the independence of independent non-executive directors;
- (VI) to support the Company's regular evaluation of the performance of the Board of Directors; and
- (VII) other duties and authorities authorized by the Board of Directors.

**Article 9** The Nomination Committee shall be accountable to the Board of Directors and proposals of the Nomination Committee shall be submitted to the Board of Directors for review and approval. The Nomination Committee shall, promptly after each meeting, provide the Board of Directors with meeting minutes, discussion details, materials and information in the forms of, among others, reports, recommendations and summaries, for the review and decision-making of the Board of Directors.

**Article 10** The Nomination Committee shall make its terms of reference publicly available on the website of The Stock Exchange of Hong Kong Limited and the Company's website, explaining its role and the authority delegated to it by the Board of Directors.

**Article 11** Where the Board of Directors proposes a resolution to elect an individual as an independent non-executive director at a general meeting, it should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting:

- (I) the process used for identifying the individual and why the Board of Directors believes the individual should be elected and the reasons why it considers the individual to be independent;
- (II) if the proposed independent non-executive director will be holding the seventh (or more) directorship of a company listed on the Main Board or GEM of The Stock Exchange of Hong Kong Limited, why the Board of Directors believes the individual would still be able to devote sufficient time to the Board of Directors;
- (III) the perspectives, skills and experience that the individual can bring to the Board of Directors; and
- (IV) how the individual contributes to diversity of the Board of Directors.

## **Chapter 4 Working Procedures**

**Article 12** In accordance with the requirements under relevant laws, regulations and the Articles of Association, and in view of the actual condition of the Company, the Nomination Committee shall analyze the selection criteria, selection procedures, candidate qualifications and terms of office of directors and senior management of the Company to form a resolution and submit it to the Board of Directors for approval upon filing, and, if approved, implement the same accordingly.

**Article 13** The selection procedures of directors and senior management are as follows:

- (I) the Nomination Committee shall actively communicate with the relevant departments of the Company, study the Company's demand for new directors and senior management, and produce written materials in respect thereof;
- (II) the Nomination Committee may extensively search for candidates for directors, managers and other senior management internally within the Company and its controlled (or associated) companies and from the labor market;
- (III) to collect information on the occupation, education, job title, detailed work experience and all part-time jobs of the preliminary candidates, and produce written materials in respect thereof;
- (IV) to seek the nominee's consent for nomination, failing which such nominee shall not be deemed as the candidate for director or senior management;

- (V) to convene meetings of the Nomination Committee to review the qualifications of the preliminary candidates in accordance with the conditions of engagement of directors and senior management;
- (VI) to submit proposals and relevant materials to the Board of Directors on the candidates for directors and new senior management one to two months prior to the election of new directors and the appointment of new senior management;
- (VII) to conduct other subsequent work in accordance with the decisions and feedback of the Board of Directors.

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

**Article 14** The Nomination Committee shall hold meetings at least once annually and convene additional meetings as needed based on work requirements. Unless otherwise agreed or exempted, the secretary of the Nomination Committee shall notify all members at least seven days prior to the meeting. The chairman shall convene and preside over the meeting. Where the chairman is unable to attend, he/she may delegate another member (an independent non-executive director) to convene and preside over the meeting in which matters to be determined by the Nomination Committee shall be discussed and resolved.

The members of the Nomination Committee shall attend the meeting in person. If a member is unable to attend the meeting in person, such member shall, by signing and submitting a letter of proxy, authorize another member of the Nomination Committee to attend and express opinion at the meeting on his/her behalf. Such letter of proxy shall expressly state the scope and term of the authorization. A member may only authorize one other member as proxy to exercise voting rights on his/her behalf each time. If two or more members are authorized to exercise voting rights on his/her behalf, the authorization shall be invalid.

**Article 15** A meeting of the Nomination Committee shall be held only when more than two-thirds of the members (including the members who have appointed other members in writing to attend the meeting on their behalf) are present in person or through other electronic communications; each member shall have one vote; resolutions made at the meeting must be passed by a majority of all members. If a member of the Committee is interested in any matter being considered by the Nomination Committee, such member shall refrain from the consideration of such matter. If a valid resolution cannot be reached due to abstention of any member, the relevant matter shall be considered directly by the Board of Directors.

**Article 16** Members shall vote at the meetings of the Nomination Committee by the show of hands or by written votes. Meetings of the Nomination Committee may be convened by way of on-site meetings, teleconferences, video conferences, circulation of documents, facsimile, email and other appropriate means.

**Article 17** The Nomination Committee may invite other directors, supervisors, senior management and external advisors of the Company to attend meetings when necessary. Such persons being invited shall give explanations and elaborations on relevant matters at the request of the member(s) of the Nomination Committee.

**Article 18** If necessary, the Nomination Committee may engage external intermediary institutions or experts to provide independent professional advice for its decision-making. The reasonable expenses arising therefrom shall be borne by the Company. The Company shall provide the Nomination Committee with sufficient resources to ensure that it performs its duties.

**Article 19** The convening procedures and voting methods of the meetings of the Nomination Committee and the resolutions passed at the meetings shall comply with requirements under relevant laws, regulations, the Articles of Association and these terms of reference.

**Article 20** Minutes shall be kept for the meetings of the Nomination Committee, which should be drafted within a reasonable time after the conclusion of such meetings for review by the members. The final version of the minutes shall be filed for record upon signing and confirmation by the attending members. The members attending the meeting shall sign the minutes. The members of the Nomination Committee shall explicitly, independently and fully express their opinions based on their judgments. In the case of any different opinions, such different opinions shall be stated in the minutes to be presented to the Board of Directors. Minutes shall be kept by the Company secretary. Upon reasonable request from directors or regulatory authorities, the minutes shall be made available for inspection within a reasonable period.

**Article 21** Resolutions passed at the meetings of the Nomination Committee shall be reported to the Board of Directors in writing.

**Article 22** Members 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.

**Article 23** The Company secretary shall act as the secretary of the Nomination Committee. In the absence of the secretary of the Nomination Committee, the members present at the meeting of the Nomination Committee shall appoint another person to act as secretary.

## **Chapter 6 Supplementary Provisions**

**Article 24** Unless otherwise specified, the terms used herein shall have the same meanings ascribed to them in the Articles of Association. These terms of reference are written in Chinese. If there is any inconsistency between the English and Chinese versions of these terms of reference, the Chinese version shall prevail.

**Article 25** In these terms of reference, the scope “above” a number shall include the number itself while the scope “more than” a number shall exclude the number itself.

**Article 26** These terms of reference have been approved by the Board of Directors and shall come into effect upon the listing of the Company’s H shares on The Stock Exchange of Hong Kong Limited.

**Article 27** Any matters not covered by these terms of reference or in any event that these terms of reference contravene any laws, regulations, regulatory documents, the Listing Rules and other relevant regulatory rules of the listing place and the Articles of Association, the provisions of the aforementioned laws, regulations, regulatory documents, the Listing Rules and other relevant regulatory rules of the listing place and the Articles of Association shall prevail. These terms of reference shall be amended immediately and submitted to the Board of Directors for approval.

**Article 28** These terms of reference shall be formulated, amended and interpreted by the Board of Directors.