



## WAI YUEN TONG MEDICINE HOLDINGS LIMITED

(位元堂藥業控股有限公司\*)

(Incorporated in Bermuda with limited liability)

(Stock Code: 897)

### TERMS OF REFERENCE OF NOMINATION COMMITTEE

#### 1. Constitution

- 1.1 The nomination committee (the “**Committee**”) of Wai Yuen Tong Medicine Holdings Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) is a committee of the board of directors of the Company (the “**Board**”).

#### 2. Membership

- 2.1 The Committee shall consist of at least three directors with a majority of the independent non-executive directors of the Company (the “**INEDs**”) appointed by the Board.
- 2.2 The Committee should be chaired by the chairman of the Board or any one INED as nominated by the Board.
- 2.3 The company secretary of the Company or as otherwise determined by the Board, shall act as the secretary of the Committee.

#### 3. Proceeding of meetings

- 3.1 A quorum of a meeting shall be three members of the Committee.
- 3.2 Other Board members, apart from the Committee members, have the right to attend any Committee meetings, though they will not be counted in the quorum.
- 3.3 A resolution in writing signed by all the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee and may consist of several documents in like form each signed by one or more of the members of the Committee.
- 3.4 Proceedings of meetings of the Committee shall be governed by the provisions of the bye-laws of the Company.

\* For identification purpose only

**4. Frequency of meetings**

- 4.1 The Committee shall meet at least once every year and the Committee members may call any meetings at any time when necessary.

**5. Authority**

The Committee is authorised by the Board:

- 5.1 to seek any necessary information which is within the Committee's scope of duties from the employees;
- 5.2 to obtain sufficient resources to discharge its duties, including the resources for seeking independent professional advice, and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary;
- 5.3 to determine the policy for the nomination of directors of the Company;
- 5.4 to delegate its authority and duties to sub-committees, or individual members of the Committee, as it deems appropriate;
- 5.5 to do any such things to enable the Committee to discharge its authority and duties conferred on it by the Board; and
- 5.6 to conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by legislation.

**6. Duties, roles and functions**

6.1 The duties of the Committee is:

- (a) to review the structure, size, composition and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, independence and length of service) of the Board at least annually and make recommendations to the Board on any proposed changes to complement the Company's corporate strategy;
- (b) to identify and nominate individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships. In identifying suitable individuals, the Committee shall consider individuals on merit against the objective criteria, with due regard for the benefits of diversity on the Board;
- (c) to assess the independence of INEDs and review the INEDs' annual confirmations on their independence and make disclosure of its review results in the corporate governance report of the Company;

- (d) to regularly review the time required for a director to perform his/her responsibilities;
- (e) to review the balance between executive and non-executive directors and the blend of skills, knowledge, experience and diversity on the Board;
- (f) to keep under review the leadership and succession needs of the organisation with a view to ensuring the long term success of the Group;
- (g) to review the board diversity policy, as appropriate, and review the measurable objectives that the Board has set for implementing the board diversity policy, and the progress on achieving the objectives; and make disclosure of its review results in the corporate governance report annually;
- (h) to ensure that all Directors offer themselves for re-election every three years by shareholders;
- (i) to make recommendations to the Board on the appointment, re-appointment or re-designation of directors and succession planning for directors, in particular the chairman/chairwoman and the chief executive, taking into account the Company's corporate strategy and the mix of skills, knowledge, experience and diversity needed in the future;
- (j) to ensure that on appointment to the Board, every director should receive a formal letter of appointment or enter into a service contract with the Company, as appropriate;
- (k) where the Board proposes a resolution to elect an individual as an INED at the general meeting, the Committee should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe the individual should be elected and the reasons why they consider the individual to be independent; and
- (l) the chairman or another member of the Committee shall attend the Company's annual general meetings and be prepared to respond to questions raised by shareholders on the Committee's activities and responsibilities.

## **7. Reporting procedures**

- 7.1 The Committee shall report to the Board on a regular basis. At the next meeting of the Board following a meeting or the passing of any written resolution(s) of the Committee, the Chairman shall report such findings and recommendations of the Committee to the Board.

*June 2013*