



CHINA SHINEWAY PHARMACEUTICAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 02877)

TERMS OF REFERENCE OF THE NOMINATION COMMITTEE (Adopted pursuant to the Board's resolution passed on 27 March 2012)

The Nomination Committee (the “**Committee**”) is established as a committee of the board of Directors (the “**Board**”) of CHINA SHINEWAY PHARMACEUTICAL GROUP LIMITED (the “**Company**”).

Membership

1. The Committee shall consist of not less than three members appointed by the Board, with the majority of the members being the independent non-executive directors (“**INEDs**”) of the Company. App.14
A5.1
2. The chairman of the Committee, who should either be chairman of the Board or an INED, shall be appointed by the Board. App.14
A5.1
3. The appointment of the members of the Committee may be revoked by resolutions passed by the Board and by the Committee respectively and new members can be appointed in place by resolutions passed by the Board.

Secretary of Nomination Committee

4. The company secretary of the Company shall be the secretary of the Committee.

Frequency and proceedings of meetings

5. The Committee shall meet before the holding of the annual general meeting of the Company where the appointment of directors of the Company (the “**Directors**”) will be considered. Additional meetings should be held as and when the work of the Committee demands.
6. The Secretary of the Committee may convene additional meetings on request of any member(s) of the Committee.
7. The quorum of a meeting shall be two independent non-executive Directors.
8. A member of the Committee shall abstain from voting and shall not be counted in the quorum of a meeting in respect of the resolution where he or any of his associates has any material interest, including the recommendation on appointment of such person as a director.

9. Proceedings of meetings of the Committee shall be governed by the provisions of the articles of association of the Company (as amended from time to time) (the “**Articles**”).

Role and functions of the Committee

10. The Committee shall formulate formal, considered and transparent nomination policy in compliance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) including but not limited to the following:

- (i) all Directors shall be subject to re-election at regular intervals as required under the Articles and/or the Listing Rules; App.14
A.4
- (ii) the Company must comply with the disclosure requirements in relation to the appointment, resignation or removal of directors under the Listing Rules;
- (iii) non-executive Directors should be appointed for a specific term, subject to re-election and the Company must disclose the term of appointment of non-executive Directors in the corporate governance report pursuant to the Listing Rules; and App.14
A.4.1;
App.23
Para K
- (iv) all Directors appointed to fill a casual vacancy should be subject to election by shareholders of the Company at the first general meeting after appointment. Every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. App.14
A.4.2

Duties, authorities and powers

11. The Committee shall, without prejudice to the generality of the foregoing:

- (i) consider the selection criteria of Directors and the senior management of the Company, and develop procedures for the sourcing and selection of members of the Board to be elected by shareholders of the Company. For the purpose of these terms of reference, senior management refers to the same category of persons as referred to in the Company’s annual report and whose biographical details are required to be disclosed under the Listing Rules;
- (ii) identify and nominate candidates suitably qualified to become Board members, select or make recommendations to the Board on the selection of individuals nominated for directorships or to fill casual vacancies of Directors for the Board’s approval; App.14
A.5.2(b)
- (iii) identify and nominate suitably qualified candidates to the Board for it to make recommendations to shareholders of the Company on the appointment or re-appointment of Directors, ensure that sufficient biographical details of nominated candidates (including, without limitation, those required by Rule 13.51(2) of the Listing Rules) shall be provided to the Board and shareholders of the Company to enable them to make an informed decision;
- (iv) review the structure, size and composition of the Board at least annually, considering, *inter alia*, the skills, knowledge, experience, length of service and the breadth of expertise of members of the Board as a whole, and make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy; App.14
A.5.2(a)

- (v) assess the independence of INEDs and explain why it considers an individual proposes to be appointed as an INED to be independent and such individual should be appointed; App.14 A.5.2(c)
 - (vi) make recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors, in particular the chairman and the chief executive; App.14 A.5.2(d)
 - (vii) do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board;
 - (viii) make available these terms of reference explaining its role and the authority delegated to it by the Board by including them on the website of The Stock Exchange of Hong Kong Limited and the website of the Company; and App.14 A.5.3
 - (ix) conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the Articles or imposed by law or in accordance with the Listing Rules.
12. The Company should provide the Committee sufficient resources to perform its duties. Where necessary, the Committee should seek independent professional advice, at the expense of the Company, to perform its responsibilities. App.14 A.5.4

Reporting Procedures

13. The Committee should report to the Board on a regular basis on its decisions or recommendations and on the matters set out in these terms of reference. App.14 D.2.2
14. Full minutes of the meetings of the Committee shall be kept by the secretary of the Committee, who shall send draft and final versions of minutes and all written resolutions of the Committee to all Directors for their comments and records respectively, within a reasonable time after the meeting. App.14 A.1.4; App 14 A.1.5
15. At the next meeting of the Board following a meeting of the Committee, the chairman of the Committee shall report to the Board on the findings and recommendations of the Committee. At least once annually, the Committee should present a report in writing to the Board which addresses the work and findings of the Committee during the year.

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These terms of reference are prepared in Chinese and English. In case of any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.