



Fusen Pharmaceutical Company Limited

福森藥業有限公司

(THE “COMPANY”)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1652)

TERMS OF REFERENCE OF THE NOMINATION COMMITTEE

(Amended and restated with effect from 1 January 2019)

The Nomination Committee

The board (the “**Board**”) of directors (the “**Directors**”) of the Company has established a committee of the Board known as the nomination committee (the “**Nomination Committee**”). These terms of reference of the Nomination Committee are adopted by the Board by resolution passed on 14 June 2018 (as amended and restated with effect from 1 January 2019), of which its constitution and particular duties are set out below:-

1. Membership

- 1.1 The Nomination Committee shall be appointed by the Board and should comprise a minimum of three members (the “**Members**”).
- 1.2 The Members shall be appointed from amongst the non-executive Directors. The majority of Members shall be independent non-executive Directors.
- 1.3 The Board shall appoint the chairman of the Nomination Committee (the “**Chairman**”). The Chairman must be the chairman of the Board or an independent non-executive Director.
- 1.4 The term of each appointment to the Nomination Committee shall be determined by the Board upon appointment.

2. Secretary

- 2.1 The company secretary of the Company shall be the secretary of the Nomination Committee (the “**Secretary**”).
- 2.2 The Nomination Committee may from time to time appoint another Secretary with appropriate qualification and experience.

3. Meetings

- 3.1 Meetings shall be held as and when required or as requested by the Chairman.

- 3.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be sent to each Member, and to any other person required to attend in relation to all regular meetings of the Nomination Committee, at least 14 days before the date of the meeting; and in relation to continued meetings held within 14 days, no prior notice is required.
- 3.3 The quorum of Nomination Committee meetings shall be two Members, one of them should be an independent non-executive Director.
- 3.4 The Members may attend meetings either in person, by telephone or through other electronic means of communication (which are available to all attended parties).
- 3.5 Resolutions of the Nomination Committee shall be passed with a majority of votes.
- 3.6 Resolutions signed by all Members will be treated valid as if it is passed in the meeting held by the Nomination Committee.
- 3.7 Full minutes of the Nomination Committee meetings shall be kept by the Secretary and shall be available for inspection by any Member and/or any Director at any reasonable time on reasonable notice. Draft and final versions of minutes of Nomination Committee meetings shall be sent to all Members for their comment and records within a reasonable time after the meeting. Once they are agreed, the Secretary shall circulate the minutes and reports of the Nomination Committee to all members of the Board.

4. Attendance of Meetings

- 4.1 Other Board members, apart from the Members, have the right to attend any Nomination Committee meetings.
- 4.2 Only the Members shall have the voting powers.

5. Annual general meetings

- 5.1 The Chairman shall attend the annual general meetings of the Company and be prepared to respond to any shareholder questions on the Nomination Committee's activities. If the Chairman is unable to attend, a Member (who must be an independent non-executive Director), or failing this his duly appointed delegate, shall attend the annual general meeting of the Company. Such person shall be prepared to respond to any shareholder questions on the Nomination Committee's activities.

6. Duties and responsibilities

The duties and responsibilities of the Nomination Committee shall be:

- 6.1 to review the structure, size, composition and diversity (including without limitation, gender, age, cultural and educational background, professional experience, talents, skills, knowledge, length of service, experience and other qualities of Directors) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- 6.2 having regards to the Board Diversity Policy of the Company, to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

- 6.3 to assess the independence of independent non-executive Directors, having regard to, among other things, the requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
- 6.4 to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive (if any) of the Company; and
- 6.5 where the Board proposes a resolution to elect an individual as an independent non-executive Director at the general meeting, to set out in the circular to shareholders of the Company and/or explanatory statement accompanying the notice of the relevant general meeting (i) the process used for identifying the individual and why they believe the individual should be elected and the reasons why they consider the individual to be independent; (ii) if the proposed independent non-executive Director will be holding their seventh (or more) listed company directorship, why they believe the individual would still be able to devote sufficient time to the Board; (iii) the perspectives, skills and experience that the individual can bring to the Board; and (iv) how the individual contributes to diversity of the Board.

7. Reporting responsibilities

- 7.1 After each meeting, the Nomination Committee shall report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

8. Authority

- 8.1 The Nomination Committee is authorised by the Board when necessary to seek any information it requires from any employee of the Company and its subsidiaries, to require any of them to prepare and supply information and answer questions raised by the Nomination Committee.
- 8.2 The Nomination Committee is authorised by the Board when necessary to seek outside legal or other independent professional advice in connection with its duties or to perform its responsibilities at the Company's expense.

Note: All such arrangements of obtaining outside legal or other independent professional advice may be made by the Secretary.

- 8.3 The Nomination Committee shall be provided with sufficient resources to perform its duties.

9. Language Version

- 9.1 The text of this terms of reference of the Nomination Committee appears in both English and Chinese languages. In case of discrepancy, the English version shall prevail.

Hong Kong, 1 January 2019