



## CHINA TRADITIONAL CHINESE MEDICINE HOLDINGS CO. LIMITED

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 570)

("the Company")

### Procedures for Nomination and Appointment of Directors

#### 1. Preface

- 1.1. Procedures for Nomination and Appointment of Directors of the Company (the "**Procedures**") is revised in accordance with the Chapter 13 of and the Appendix 14 (Corporate Governance Code ) (the "**Code**") to the Rules Governing Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Exchange**") and the "Procedures for Shareholders to propose a person for election as a Director" of the Company.
- 1.2. The Procedures lists the methods and procedures adopted by the Board of Directors of the Company (the "**Board**") to nominate and select the directors of the Company (the "**Directors**"), including the appointment of additional directors, alternate directors and re-election of directors.

#### 2. Policy Statements

- 2.1. The Company recognizes the importance of having a qualified and competent Board to implement the strategy of the Company and its subsidiaries (collectively referred to as the "**Group**") and to enhance shareholders' value.
- 2.2. The Company believes that the Board with balanced talents combination, experience, expertise and diversified vision can improve the decision-making ability and the overall benefit of the Board. The Board is committed to ensuring that appropriated procedures for nomination and election are established to select and nominate directors.

- 2.3. The Nomination Committee is formed under the Board (the “**Nomination Committee**”). If there is a need to select, nominate or re-elect directors, the Nomination Committee shall make recommendations to the Board in the selection and nomination process, when it deems appropriate and after considering the expertise and talents combination required by the new or alternate directors.
- 2.4. Throughout the decision-making process, the Nomination Committee will provide the Board with updated information and progress in due course.
- 2.5. The Nomination Committee shall regularly review and supervise the nomination procedures to ensure that it meets the development needs of the company.
- 2.6. The Board confirms that the ultimate responsibility for selection and appointment of directors rests with all directors.

### **3. Criteria for Selection of Directors**

- 3.1. When determining the suitability of candidates, the Nomination Committee shall consider the potential contributions that candidates can make to the Board in terms of seniority, talent, experience, independence, age, culture, race and gender diversity. The Nomination Committee shall take into account the following selection criteria and other factors which it considers appropriate for the position of the Board:
  - 3.1.1. **Be able to corporate with the Board:** after considering the existing structure, size, diversification and talents combination of the Board and the needs of the Board, candidates should be equipped with characteristics to corporate with and expand the overall talents combination, experience and expertise of the Board;
  - 3.1.2. **Business experience and expertise and competence of the Board:** candidates should have the ability to make correct business judgments and clear achievements and experience as directors, including effectively supervising and leading executives;
  - 3.1.3. **Time:** candidates should have sufficient time to properly perform their duties as directors, including adequate time to prepare for and participate in meetings,

training or related activities of the Company. When appointing an independent non-executive director, if the candidate will be a director of the seventh (or more) listed issuer, the Company needs to consider whether he/she can still invest sufficient time in the Board and submit explanations to the Exchange;

- 3.1.4. **Initiative:** candidates should be proactive and deeply interested in business of the Company;
- 3.1.5. **Honesty:** candidates should be persons of integrity, honesty, good reputation and high professional status; and
- 3.1.6. **Independence:** candidates for independent non-executive directors must comply with the independence requirements of the Listing Rules. Candidates for independent non-executive directors should have independent character and judgment, and be able to represent and act in a manner that is in the best interests of all shareholders of the Company.

The above criteria are for reference only and are not throughout or decisive. When selecting candidates for the Board, the Board should consider the benefits of diversification of the Board members.

#### **4. Procedures for Appointment**

##### 4.1. Appointment of New and Alternate Directors

- 4.1.1. If the Board decides to appoint additional or alternate directors, it will select suitable candidates for directors from multiple channels, including recommendations from directors, shareholders, executives, consultants of the Company and external headhunters.
- 4.1.2. After compiling a list of prospective candidates and conducting interviews, the Nomination Committee will prepare a list of shortlisted candidates for consideration by the Board in accordance with the selection criteria and other factors that it deems appropriate. The Board has the ultimate authority to decide which candidates are suitable for appointment.

##### 4.2. Re-election of Directors and Shareholders Nomination

- 4.2.1. If a retired director is qualified and willing to be re-elected, the Board shall

consider and recommend (if deemed appropriate) that the retired director be re-elected at the general meeting. A circular containing the necessary information of the retired director will be sent to the shareholders before the general meeting in accordance with the Listing Rules.

4.2.2. If any shareholder of the Company intends to nominate a person for election as a director at the general meeting, he/she must submit the following documents to the Company's registered office (Address: Room 1601, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong) within the submission period specified in the relevant shareholders' circulars:

- a) A written notice indicating the intention to nominate the person for election as a director, which shall specify the full name of the person, including details of the person's curriculum vitae as specified in Article 13.51(2) of the Listing Rules, and be signed by the shareholder;
- b) The person has signed the written notice indicating his/her willingness to participate in the election together with a written consent to publish his personal information. Such files shall be submitted to the Company's registered office within seven (7) days after the issuance of the general meeting circular; and
- c) Upon receipt of the above-mentioned documents, the Company will verify the documents and, if the proposal is in conformity with the procedures, will publish an announcement and/or issue a supplementary circular on the proposal in accordance with the Rules 13.70 of the Listing Rules. If the general meeting is to be held after issuing a written notices at least ten (10) business days (as defined by the Listing Rules) or fourteen (14) days (whichever is longer) ahead, the Company may receive the files submitted within the above-mentioned period less than ten (10) business days before the date of the general meeting, then the Company may need to consider postponing the general meeting so that the shareholders can have at least ten (10) business days to consider the relevant information disclosed in the announcement or supplementary circular.

## **5. Review and Supervision**

- 5.1. The Board will review and supervise the implementation of the Procedures from time to time to ensure that it is effective and complies with the regulations and good corporate governance practices.

## **6. Disclosure and Publication**

- 6.1. The outline of the Procedures and the progress in achieving the objectives set forth in the Procedures will be disclosed annually in corporate governance report of the Company.

## **7. Others**

- 7.1. In case of any contradiction between the Procedures and the Listing Rules or the Hong Kong Companies Ordinance, the Listing Rules or the Hong Kong Companies Ordinance shall prevail.

Effective date of revision: March 2019