

Shanghai Bao Pharmaceuticals Co., Ltd.

Terms of Reference for the Nomination Committee of the Board of Directors

General Provisions

Article 1 For the purpose of enhancing the decision-making function of the Board of Directors of Shanghai Bao Pharmaceuticals Co., Ltd. (the “Company”) and improving the corporate governance structure, the Company has established the Nomination Committee under the Board of Directors and formulated these terms of reference in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”), the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules, the Articles of Association of Shanghai Bao Pharmaceuticals Co., Ltd. (the “Articles of Association”) applicable after the issuance of H Shares and other relevant laws, administrative regulations and normative documents.

Article 2 The Nomination Committee is a specialized working body established by the Board of Directors pursuant to the resolution of the general meeting. It is accountable to the Board of Directors. Its main duties are to study the selection, the selection criteria and procedures for non-employee representative directors (including independent non-executive directors) and senior management and to make recommendations to the Board of Directors thereon.

For the purposes of these terms of reference, “senior management” refers to the general manager, deputy general managers, chief financial officer, Board Secretary and other persons appointed by the Board of Directors as senior management of the Company. The term “general manager” in these terms of reference has the same meaning as “manager” in the Company Law.

Chapter 1 Composition

Article 3 The Nomination Committee shall comprise at least three directors and shall be made up of an odd number of members, with a majority (more than half) of the members being independent non-executive directors. At least one member of the Nomination Committee is of a different gender.

Article 4 Members of the Nomination Committee shall be nominated by the Chairman of the Board or more than one-third of the members of the Board of Directors and shall be elected by a majority of all members of the Board of Directors. The chairman and members of the Nomination Committee shall be appointed and removed by the Board of Directors.

Article 5 The Nomination Committee shall have one convener, being the chairman of the committee, who shall be an independent non-executive director, to be appointed and removed by the Board of Directors, and shall be responsible for presiding over the work of the Nomination Committee. If the chairman of the committee is unable or fails to perform his duties, an independent non-executive director jointly elected by more than half of the committee members shall perform on his behalf.

Article 6 Members of the Nomination Committee must satisfy the following conditions:

- (1) are not subject to prohibition on serving as company directors as stipulated in laws and regulations, such as the Company Law, or the Articles of Association;
- (2) have not been declared by a stock exchange as unsuitable candidates in the past three years;
- (3) have not been subject to administrative penalties by the China Securities Regulatory Commission for material violations of laws or regulations in the past three years;
- (4) are familiar with relevant laws and administrative regulations of the State, have good business ethics and conduct, possess relevant professional knowledge, and are familiar with the Company's operation and management;
- (5) comply with the principles of honesty and good faith, with integrity and self-discipline, perform duties with loyalty and diligence, protect the interests of the Company and the shareholders through working actively;
- (6) have relatively strong comprehensive analysis and judgement abilities, possess the ability to work independently;
- (7) other conditions as required under relevant laws, regulations or the Articles of Association.

Persons who do not satisfy the qualifications of appointment as stipulated in the aforesaid items shall not be elected as members of the Nomination Committee. If the circumstances unfit for appointment as stipulated in the aforesaid items arise during the term of office of a member of the Nomination Committee, such member shall resign proactively or shall be removed by the Board of Directors of the Company.

Article 7 The main duties and authorities of the Chairman of the Nomination Committee are:

- (1) to preside over meetings of the committee, and sign resolutions of the meeting;
- (2) to propose to convene extraordinary meetings;
- (3) to lead and guide the committee to ensure the effective operation and duty performance of the committee;
- (4) to ensure that each issue discussed by the committee will have clear and definite conclusion (conclusion includes approval, rejection or re-discussion with supplementary materials);
- (5) to determine the agenda of each meeting of the committee;
- (6) to ensure that all members attending the meeting of the committee understand the matters being discussed by the committee, and to ensure that the members are provided with complete and reliable information;

- (7) other duties and authorities stipulated in these terms of reference.

Article 8 The term of office of the members of the Nomination Committee shall be the same as the term of office of the directors. Upon expiration of the term of office of a member, he/she may be re-elected for re-appointment. During the term of office, if any member ceases to serve as director or independent director of the Company, or if any member who should possess the capacity of an independent director ceases to have the independence required under the relevant laws, regulations, Hong Kong Listing Rules or the Articles of Association, such member will be disqualified automatically.

Members of the Nomination Committee may resign prior to the expiration of the term of office by submitting a resignation report in writing to the Board of Directors. The resignation report shall explain the reasons of resignation and give the necessary explanations on any matters that are required to be brought to the attention of the Board of Directors of the Company. If the composition of the Nomination Committee fails to satisfy the requirements as stipulated in Articles 3, 5 and 6 of these terms of reference, the Board of Directors shall rectify the composition as soon as possible in accordance with the requirements of the Hong Kong Listing Rules. The term of office of the refilled members shall end upon expiration of the term of office of such member serving as a director. Before the expiration of the term of office of a member, unless the circumstances unfit for appointment as stipulated in the Company Law, the Articles of Association or the Hong Kong Listing Rules occur, such member shall not be dismissed without a reason.

The Board Secretary of the Company shall be responsible for liaison, meeting organization and implementation of resolutions in relation to the daily work of the Nomination Committee.

Article 9 The main duties and authorities of the members are:

- (1) to attend meetings of the committee as scheduled, express opinions on matters discussed in the meetings, and exercise voting rights;
- (2) to propose topics for discussion at the meetings of the committee;
- (3) may attend or sit in the relevant meetings of the Company as observers, conduct investigation and research, and obtain the required relevant information such as reports, documents and materials, for the purpose of performing their duties;
- (4) fully understand the duties of the committee and their own duties as members of the committee, being familiar with the Company's operation and management conditions, business activities and development progress relating to their duties to ensure their duty performance capabilities;
- (5) fully ensure the time and efforts for performing their duties;
- (6) other duties and authorities stipulated in these terms of reference.

Chapter 2 Duties and Authorities

Article 10 The main duties and authorities of the Nomination Committee are:

- (1) to study and formulate the selection criteria and procedures for non-employee representative directors and senior management and make recommendations to the Board of Directors, taking into account factors including but not limited to cultural and educational background and professional experience;
- (2) to search for and identify qualified candidates for non-employee representative directors, make nomination recommendations to the Board of Directors, and review and make recommendations on candidates for directors of the Company (especially the Chairman of the Board);
- (3) to search for and identify qualified candidates for senior management, and review and make recommendations on candidates for senior management of the Company (especially the general manager);
- (4) to review the independence of independent non-executive directors (the review of independence of independent non-executive directors shall comply with the requirements of the Hong Kong Listing Rules and relevant guidelines). When the Board of Directors proposes at a general meeting a resolution to elect a person as an independent non-executive director, the Nomination Committee shall set out in the circular to shareholders and/or the explanatory statement accompanying the notice of the relevant general meeting:
 - a) the process used for identifying the person, the reasons why the Board of Directors believes the person should be elected and the reasons why it considers the person to be independent;
 - b) if the proposed independent non-executive director will hold directorships in seven (or more) listed companies, the reasons why the Board of Directors believes the person would still be able to devote sufficient time to the Board;
 - i) the insight, skills and experience that the person can bring to the Board of Directors; and
 - ii) how the person contributes to the diversity of the Board of Directors.
- (5) to review the structure, size and composition (including the skills, knowledge and experience) of the Board of Directors at least annually, assist the Board in conducting a formal evaluation of the Board's performance at least every two years, assist the Board in maintaining a board skills matrix, and make recommendations on any proposed changes to the Board of Directors to complement the Company's corporate strategy; to make recommendations to the Board of Directors on the appointment or re-appointment of directors and succession planning for directors (especially the Company's Chairman of the Board and the general manager, as applicable); to evaluate the structure of each committee under the Board of Directors and recommend directors to serve as members of the relevant committees for approval by the Board of Directors;
- (6) to establish the plan for reserving potential directors and senior management and make updates from time to time;

- (7) to evaluate the performance of directors and, based on the evaluation results, make recommendations or proposals to the Board of Directors regarding the replacement, appointment, re-appointment or succession of directors (including the Chairman of the Board and the general manager and/or chief executive officer);
- (8) to assess each Director's time commitment and contribution to the Board and the Director's ability to discharge his or her responsibilities effectively;
- (9) to formulate and, where appropriate, review and implement the board diversity policy adopted by the Board of Directors annually, consider the progress made towards achieving the objectives, and disclose the relevant policy or a summary thereof in the Company's annual report;
- (10) to make recommendations to the Board of Directors on the size and composition of the Board of Directors in light of the Company's business activities, asset scale and shareholding structure;
- (11) other matters stipulated by relevant laws, administrative regulations, the Hong Kong Listing Rules, the Articles of Association and authorized by the Board of Directors.

The terms of reference of the Nomination Committee shall be published on the website of the Hong Kong Stock Exchange and the website of the Company to explain its role and the powers delegated to it by the Board of Directors.

Article 11 The Nomination Committee is accountable to the Board of Directors. Proposals of the Nomination Committee shall be submitted to the Board of Directors for consideration and decision. Among them, nominations of director candidates, after being considered by the Board of Directors, must be submitted to the general meeting for approval before implementation. Controlling shareholders shall fully respect the recommendations of the Nomination Committee unless there are sufficient reasons or reliable evidence; otherwise, they shall not propose alternative candidates for directors or senior management.

The management team is responsible for providing the Nomination Committee with sufficient and timely information to enable the Committee to make informed decisions. The data supplied by management must be complete and reliable.

The Nomination Committee shall provide all researches and discussion, materials and information to the Board of Directors in the forms of reports, recommendations and summary conclusions to facilitate research and decision-making by the Board of Directors.

Chapter 3 Work Procedures

Article 12 The Board Secretary of the Company shall be responsible for preparing the preliminary work for Nomination Committee meetings and assisting in preparing relevant meeting materials.

Article 13 In accordance with relevant laws and regulations, the Hong Kong Listing Rules and the Articles of Association, and in light of the actual circumstances of the Company, the Nomination Committee shall study the eligibility requirements, selection procedures and term of office for non-employee representative directors and senior management of the Company, form resolutions for filing and submit them to the Board of Directors for approval and implement accordingly.

Article 14 Selection procedures for non-employee representative directors and senior management:

- (1) the Nomination Committee shall actively engage with relevant departments of the Company to study the Company's requirements for new directors and senior management personnel, and prepare written materials;
- (2) the nomination work group shall conduct extensive searches for candidates for directors and senior management within the Company, its holding (and equity participation) enterprises, and then submit them to the Nomination Committee;
- (3) before making decisions, the Nomination Committee shall collect information on the preliminary candidates' occupation, education, professional title, detailed work experience, all concurrent positions, etc., and form written materials;
- (4) the Nomination Committee is responsible for obtaining written consent from nominees for their nominations; otherwise, they cannot be considered as candidates for directors or senior management positions;
- (5) to convene the Nomination Committee meeting to conduct eligibility reviews of the preliminary candidates proposed by the nomination working group based on the appointment criteria for directors and senior management;
- (6) to submit recommendations and relevant materials concerning candidates for directors and senior management to the Board of Directors one to two months prior to the election of new directors and the appointment of new senior management personnel;
- (7) to undertake other follow-up work based on the decisions and feedback of the Board of Directors.

The Chairman of the Nomination Committee or, in his/her absence, another Nomination Committee member who is an independent non-executive director, shall attend the Company's Annual General Meeting and respond to shareholders' questions regarding the activities and responsibilities of the Nomination Committee.

Chapter 4 Rules of Procedure

Article 15 Members of the Nomination Committee must fulfil their duties of loyalty and diligence towards the Company in accordance with laws, regulations and the Articles of Association. Recommendations or proposals made at Nomination Committee meetings must comply with the requirements of laws, regulations, the Hong Kong Listing Rules and the Articles of Association.

Article 16 Meetings of the Nomination Committee shall be classified as regular meetings and extraordinary meetings. Regular meetings shall be held at least once a year. Extraordinary meetings may be convened when the Chairman of the Nomination Committee deems it necessary, when proposed by more than half of the Nomination Committee members, or when proposed by the Chairman of the Board. The Board Secretary of the Company shall notify all members three days prior to the meeting; however, the notice period may be waived with the unanimous consent of all members. Meetings shall be chaired by the Chairman of the Nomination Committee. If the Chairman is unable to attend, an independent director may be appointed to chair the meeting.

Article 17 Meetings of the Nomination Committee shall be held with the attendance of more than two-thirds of its members (including members who have authorized others in writing to attend on their behalf), and at least one attendee must be an independent non-executive director. Each member has one vote, and resolutions must be approved by more than half of all members.

Article 18 Members shall attend Nomination Committee meetings in person. If a member is unable to attend in person for any reason, he/she may authorize another member in writing to attend on his/her behalf. The power of attorney shall specify the proxy's name, the matters entrusted, the scope of authorization and the validity period, and must be signed or sealed by the member and submitted to the meeting chairman before voting begins. A member who neither attends nor appoints a proxy shall be deemed to have abstained from voting at that meeting.

Article 19 If a member of the Nomination Committee fails to attend in person or appoint another member to attend on his/her behalf for two consecutive meetings, he/she shall be deemed unable to perform his/her duties, and the other members of the Nomination Committee shall recommend the Board of Directors to remove him/her.

Article 20 Meetings of the Nomination Committee may be held in person or through appropriate means such as teleconferencing or videoconferencing.

Resolutions made at the meeting must be approved by more than half of all members and shall be signed by those present. Each member has one vote, which may be cast as "for," "against," or "abstain." In the event of a tie between affirmative and negative votes, the Chairman of the Nomination Committee shall have one additional casting vote.

Voting may be conducted by a show of hands or by poll. With the unanimous consent of all committee members, meetings may also be convened by written correspondence, and the voting results must be confirmed by signature.

Article 21 When necessary, the Nomination Committee may invite the Company's directors and senior executives to attend the meeting. However, non-committee members shall not have voting rights on the proposals being considered.

Article 22 The Company shall provide the Nomination Committee with sufficient resources to perform its duties. When necessary, the Nomination Committee may engage external professional institutions to provide expert opinions for its decision-making, and the reasonable expenses incurred shall be borne by the Company.

Article 23 The convening procedures, voting methods and resolutions of the Nomination Committee meetings must be in compliance with the requirements of the relevant laws, regulations, the Hong Kong Listing Rules, the Articles of Association and these terms of reference.

Article 24 Written minutes shall be prepared for all meetings of the Nomination Committee and shall provide a sufficiently detailed record of the matters considered and the decisions reached, including any concerns or objections raised by the directors. An initial draft and the final draft of the meeting minutes shall be circulated to all committee members within a reasonable time after the meeting. The initial draft is for members' comments, and the final draft is for their record-keeping. Members attending the meeting shall sign the minutes. Attending members shall have the right to request explanatory notes be recorded regarding their statements made at the meeting. The minutes shall be kept by the Board Secretary of the Company in accordance with the Company's document management system. The minutes shall be made available for inspection at any reasonable time upon reasonable notice from any director.

Article 25 The Nomination Committee shall form clear and definite conclusions on the proposals considered, including approval, rejection or re-discussion with supplementary materials. Resolutions passed and the corresponding voting results at Nomination Committee meetings shall be reported to the Company's Board of Directors in writing.

Article 26 Members attending the meeting shall maintain confidentiality regarding the matters discussed. Except as required by applicable laws, regulations and/or regulatory authorities, they shall not disclose any relevant information without authorization, nor may they use such information for personal benefit or engage in insider dealing on behalf of themselves or others. Any violation shall result in full legal liability.

Chapter 5 Recusal System

Article 27 Where a member of the Nomination Committee or his/her close relatives, or any other enterprise controlled by the member or his/her close relatives has a direct or indirect interest in the matters discussed at the meeting, the member shall disclose the nature and extent of such interest to the Nomination Committee as soon as possible.

Article 28 In the circumstances described in Article 27 of these terms of reference, the interested member shall explain the relevant situation in detail at the Nomination Committee meeting and expressly state that he/she will recuse himself/herself from voting. However, if the other members of the Nomination Committee unanimously agree after discussion that such interest will not have a material impact on the voting matter, the interested member may participate in the voting.

If the Board of Directors of the Company considers it inappropriate for the interested member referred to in the preceding paragraph to participate in the voting, it may revoke the voting result of the relevant proposal and require the non-interested members to re-vote on the relevant proposal.

Article 29 The Nomination Committee meeting shall consider and resolve the proposal without counting the interested member toward the quorum. If, after recusal of the interested member, the remaining members are fewer than the minimum quorum required for a Nomination Committee meeting, all members (including the interested member) shall resolve procedural matters such as submitting the proposal to the Board of Directors for consideration, and the Board of Directors shall deliberate on such proposal.

Article 30 The minutes and resolutions of the Nomination Committee meeting shall clearly state that the interested member was not counted toward the quorum and did not participate in the voting.

Chapter 6 Coordination and Communication

Article 31 During intervals between Board meetings, if the Nomination Committee has any material or special matters that need to be submitted to the Board of Directors for consideration, it may submit a written report to the Board of Directors through the Board Secretary, and may propose the chairperson of our Board to convene a Board Meeting for discussion.

Article 32 Any written report submitted by the senior management to the Nomination Committee shall be signed by the general manager of the Company or the executive officer responsible for the relevant matters and submitted to the Nomination Committee through the Board Secretary.

Article 33 Written reports submitted by the Nomination Committee to the Board of Directors shall be signed by the Chairman of the Nomination Committee or another committee member authorized by him/her and submitted through the Board Secretary.

Article 34 During intervals between Nomination Committee meetings, if the senior management has any material or special matters that need to be submitted to the Nomination Committee for consideration, it may submit a written report to the Nomination Committee through the Board Secretary, and may propose the chairperson of the Nomination Committee to convene a meeting for discussion.

Article 35 The Chairman of the Nomination Committee, or a member authorized by him/her, shall report to the Board of Directors on the work of the Nomination Committee since the last regular Board meeting or provide a special report on specific matters.

Chapter 7 Supplementary Provisions

Article 36 Unless otherwise specified, the terms used in these terms of reference shall have the same meanings as those defined in the Articles of Association. The term “independent director” in these terms of reference shall have the same meaning as “independent non-executive director” under the Hong Kong Listing Rules.

Article 37 These terms of reference shall take effect from the date of approval by the Board of Directors. Any amendments to these terms of reference shall take effect upon approval by the Board of Directors.

Article 38 Any matters not covered in these terms of reference shall be implemented in accordance with relevant national laws and regulations, the Hong Kong Listing Rules, and the Articles of Association. In the event of any inconsistency between these terms of reference and relevant national laws and regulations, the Hong Kong Listing Rules, or the Articles of Association, the latter shall prevail, and necessary amendments shall be made promptly and submitted to the Board of Directors for consideration and approval.

Article 39 The right to amend and interpret these terms of reference resides with the Board of Directors of the Company.