Sichuan Neautus Traditional Chinese Medicine Co., Ltd.
四川新荷花中藥飲片股份有限公司

Terms of Reference and Rules of Procedure of the Nomination Committee

Chapter I General Provisions

Article 1 To regulate the appointment of Directors and senior management of Sichuan Neautus Traditional Chinese Medicine Co., Ltd. (the "**Company**"), optimize the composition of the Board of Directors (the "**Board**") and senior management and improve the Company's corporate governance structure, the Company has established the Nomination Committee (the "**Committee**") under the Board of Directors in accordance with the Company Law of the People's Republic of China, the relevant laws, administrative regulations and normative documents (collectively, the "**National Laws and Regulations**"), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**") and the Articles of Association of Sichuan Neautus Traditional Chinese Medicine Co., Ltd. (the "**Articles of Association**"), and has formulated these Terms of Reference and Rules of Procedure of the Nomination Committee of Sichuan Neautus Traditional Chinese Medicine Co., Ltd. (the "**Rules**").

Article 2 The Committee is a specialized working body established under the Board, primarily responsible for formulating the selection criteria and procedures for candidates for Directors and senior management, conducting assessments and making recommendations.

Article 3 For purposes of these Rules, the term "Director" means all Directors of the Company, and "senior management" means the general manager, deputy general manager, chief financial officer, secretary to the Board appointed by the Board and other senior management as specified in the Articles of Association.

Article 4 The Committee is accountable to and reports to the Board.

Article 5 These Rules apply to the Committee and the relevant persons and departments referred to in these Rules.

Chapter II Composition of the Committee

Article 6 The Committee shall comprise not less than three Directors, with independent non-executive Directors constituting a majority.

Article 7 Committee members shall be nominated by the Chairman of the Board, more than half of the independent non-executive Directors or more than one-third of all Directors, elected by the Board and approved by more than half of all Directors.

Article 8 The Committee shall have one chairperson (the "**Chairperson**"), who shall be an independent non-executive Director. The Chairperson shall be nominated by the Chairman of the Board and appointed upon consideration and approval by the Board. The Committee shall include at least one Director of a different gender.

Article 9 The term of office of the Committee shall be the same as that of the current Board, and the term of office of each member shall be the same as that of the relevant Director. Upon expiry of a member's term of office, the member may be re-elected. If a Committee member ceases to serve as a Director during the member's term of office, or if a member required to have independent non-executive Director status no longer satisfies the independence requirements under the Hong Kong Listing Rules, the member's qualification as a Committee member shall automatically cease, and the Board shall fill the vacancy in accordance with these Rules.

Article 10 A Committee member may resign from the Committee before expiry of the member's term by submitting a resignation report to the Board, which shall provide the necessary explanation of the reasons for resignation and matters requiring the Board's attention. If the number of Committee members falls below the minimum required under these Rules, a resigning member shall continue to perform the relevant duties until the replacement member appointed by the Board takes office.

Article 11 Committee members may be adjusted during their term upon the proposal of the Chairman of the Board and consideration and approval by the Board.

Article 12 If the composition of the Committee does not satisfy these Rules, the Board shall immediately publish an announcement in accordance with the Hong Kong Listing Rules explaining the details and reasons for the non-compliance, and shall rectify the composition in accordance with these Rules within three months from the date on which the relevant requirement ceased to be satisfied. The term of office of a replacement member shall expire when that member's term as a Director ends.

Article 13 With the coordination of the office of the Board, the Company's human resources department shall serve as the working body of the Committee, provide support and services for the Committee's work, and undertake relevant work assigned by the Committee.

Chapter III Duties of the Committee and its Members

Article 14 The Committee shall primarily undertake the following duties:

(1) to review the structure, size and composition of the Board (including the skills, knowledge, expertise and experience of its members) at least annually, assist the Board in preparing a board skills matrix, and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(2) to identify individuals suitably qualified to become members of the Board (including whether the individual can bring to the Board perspectives, skills and experience, and whether the individual can contribute to the diversity of the Board) and make recommendations to the Board on the selection of individuals nominated for directorships;

(3) to support the Company's regular evaluation of the performance of the Board;

(4) to assess the independence of the Company's independent non-executive Directors;

(5) to assess the number of directorships held by candidates for independent non-executive Director of the Company in other listed companies. Where a candidate would be holding his or her seventh or more directorship in a listed company, the Board must be satisfied that the candidate is still able to devote sufficient time to the Board;

(6) to develop and maintain a nomination policy for Directors, including the nomination procedures and the process and criteria adopted by the Committee to identify, select and recommend candidates for directorship during the year, and to review the policy regularly and disclose the policy and the progress made towards achieving the objectives set in the nomination policy in the Company's corporate governance report;

(7) to develop and maintain a policy concerning diversity of the Board, and to review the policy regularly and disclose the diversity policy or a summary of the policy in the Company's corporate governance report;

(8) to review annually the time required to be committed by non-executive Directors and independent non-executive Directors, and to apply performance evaluation to assess whether the non-executive Directors and independent non-executive Directors have devoted sufficient time to perform their duties;

(9) to make recommendations to the Board on the appointment or re-appointment of Directors and on succession planning for Directors, in particular the Chairman of the Board and the general manager. The Committee shall, in accordance with the Company's diversity policy, make recommendations on the appointment of Directors having regard to the challenges and opportunities facing the Company; and

(10) where the Board proposes a resolution to elect an individual as an independent non-executive Director at a general meeting, the following shall be set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting: 1. the process used for identifying the individual, the reasons why the Board believes the individual should be elected and the reasons why the Board considers the individual to be independent; 2. if the proposed independent non-executive Director will be holding his or her seventh or more directorship in a listed company, the reasons why the Board believes the individual is still able to devote sufficient time to perform his or her duties as a Director; 3. the perspectives, skills and experience that the individual can bring to the Board; 4. how the individual can contribute to the diversity of the Board.

Article 15 The Chairperson shall primarily undertake the following duties:

(1) to convene and preside over Committee meetings;

(2) to supervise and inspect the work of the Committee and the implementation of Committee resolutions;

(3) to sign documents relating to the Committee;

(4) to report to the Board on the Committee's work;

(5) to attend the Company's annual general meeting and answer questions raised by shareholders concerning matters relating to the Committee's duties. If the Chairperson is unable to attend the annual general meeting, another member or a duly appointed representative shall attend;

(6) to perform other duties required or delegated under the National Laws and Regulations, the Hong Kong Listing Rules, these Rules and by the Board.

Article 16 Committee members shall primarily undertake the following duties:

(1) to attend Committee meetings on time, express opinions on matters discussed at the meetings and exercise voting rights;

(2) to propose matters for discussion at Committee meetings;

(3) for the performance of their duties, to attend or observe relevant meetings of the Company, conduct investigations and research, and obtain required reports, documents, materials and other relevant information;

(4) to fully understand the duties of the Committee and their own duties as Committee members, familiarize themselves with the Company's operation and management, business activities and development relating to their duties, and ensure their ability to perform those duties;

(5) to ensure sufficient working time and attention to perform their duties;

(6) to exercise other powers granted under the National Laws and Regulations, the Hong Kong Listing Rules, these Rules and by the Board.

Chapter IV Working Procedures of the Committee

Article 17 Selection procedures for Directors and senior management:

(1) the Committee shall actively communicate with the various departments of the Company to study the Company's requirements for new Directors and senior management, and shall prepare written materials;

(2) the Committee may extensively search for candidates for Directors and senior management within the Company and its controlled (invested) enterprises and in the talent market;

(3) to collect information on the occupation, educational background, professional titles, detailed work experience and all concurrent positions of the preliminary candidates, and prepare written materials;

(4) to seek the consent of the nominees to the nomination, failing which they shall not be considered as candidates for Director or senior management;

(5) to convene a Committee meeting to review the qualifications of the preliminary candidates in accordance with the eligibility requirements for Directors and senior management;

(6) to submit to the Board recommendations and relevant materials on candidates for Directors and proposed appointees as senior management before the election of new Directors and the appointment of new senior management;

(7) to carry out other follow-up work in accordance with the decisions and feedback of the Board.

Chapter V Committee Meetings

Article 18 Committee meetings are divided into regular meetings and ad hoc meetings.

Article 19 Regular meetings shall be held at least once a year, and all members shall be notified at least three days before the meeting.

Article 20 The Committee shall convene ad hoc meetings as necessary. In any of the following circumstances, the Chairperson shall issue a notice convening a meeting within three days after the relevant circumstance occurs:

(1) the Board considers it necessary;

(2) the Chairperson considers it necessary;

(3) two or more Committee members propose it.

Article 21 The working body of the Committee shall be responsible for delivering the meeting notice in writing to each member and each relevant person invited to attend the meeting three days before the meeting, except where the obligation to give prior notice may be waived in special circumstances; provided that the meeting chairperson shall explain this at the meeting. The meeting notice shall include the method, time, venue, duration and agenda of the meeting, the time when the notice was issued, the meeting contact person and contact details, and relevant information.

Article 22 Upon receiving a meeting notice, Committee members shall promptly confirm it in an appropriate manner and provide the relevant information, including but not limited to whether they will attend the meeting and their travel arrangements.

Article 23 A Committee meeting may be held only if more than two-thirds of the members are present.

Article 24 Committee members shall attend meetings in person. If a member is unable to attend in person for any reason, the member may submit a signed power of attorney authorizing another Committee member to attend and express opinions on the member's behalf. The power of attorney shall specify the scope and duration of the authorization. A member may authorize only one other member to exercise voting rights on the member's behalf at each meeting. An authorization of two or more persons to exercise voting rights on the member's behalf shall be invalid. In addition, no member may concurrently accept authorizations from two or more other members.

A member attending a meeting on behalf of another member shall exercise rights within the scope of the authorization. A member who neither attends a Committee meeting in person nor authorizes another Committee member to exercise rights on the member's behalf, and who has not submitted written opinions before the meeting, shall be deemed to have waived those rights.

A member who is unable to attend a meeting in person may also exercise his or her rights by submitting written opinions on the matters under consideration, provided that such written opinions shall be submitted to the working body of the Committee no later than prior to the commencement of the meeting.

Article 25 A Committee member who fails to attend two consecutive Committee meetings in person, without authorizing another Committee member and without submitting written opinions before the meeting, or who attends fewer than three-quarters of all Committee meetings in person within one year, shall be deemed unable to perform the Committee member's duties, and the Board may adjust the Committee membership in accordance with these Rules.

Article 26 The meeting shall be presided over by the Chairperson. If the Chairperson is unable to attend, the Chairperson may authorize another Committee member to preside. If the Chairperson neither performs the duties nor designates another member to perform them, any member may report the circumstances to the Board, and the Board shall designate an independent non-executive Director who is a Committee member to perform the duties of the Chairperson.

Chapter VI Rules of Procedure

Article 27 Each Committee member shall have one vote. A resolution shall be passed by more than half of all Committee members. If a valid resolution cannot be formed because members are required to abstain, the relevant matter shall be considered directly by the Board.

Article 28 In principle, Committee meetings shall be held in person or by video or telephone conference. If a meeting cannot be held in person or by video or telephone conference due to an emergency, force majeure or other special reason, it may be held by written communication. Where written communication is used, Committee members shall submit written opinions on the matters under consideration to the Board within the period specified in the meeting notice.

Article 29 Committee resolutions shall be voted on by a show of hands or by poll. If a member is unable to sign a resolution in real time during a telephone or video conference, the member may first express an opinion orally and shall complete the written signing formalities as soon as possible thereafter. The subsequent written signature must be consistent with the oral opinion expressed at the meeting.

Article 30 The Committee shall study and discuss the matters under consideration at its meetings. Committee members shall, based on their own judgment, express their opinions clearly, independently and fully. Any disagreement shall be recorded in the meeting minutes submitted to the Board.

Article 31 The Committee may invite the Company's Directors, relevant senior management, relevant Company experts or external experts, scholars, intermediaries and other relevant persons to attend meetings. Persons attending meetings shall provide explanations and clarifications at the request of Committee members.

Article 32 Where the Committee considers it necessary, it may, with the approval of the Board, engage external professional persons or institutions to provide professional advice, and the reasonable expenses incurred shall be borne by the Company.

Article 33 The convening procedures and voting methods of Committee meetings and the resolutions passed at such meetings shall comply with the National Laws and Regulations, the Hong Kong Listing Rules, the Articles of Association and these Rules.

Article 34 When a matter under consideration by the Committee involves a conflict of interest for a Committee member, that member shall abstain.

Article 35 All persons attending a meeting shall keep confidential the matters considered at the meeting and may not disclose relevant information without authorization.

Chapter VII Committee Meeting Records and Minutes

Article 36 Meeting records shall be prepared for Committee meetings. The meeting records shall be prepared by the working body of the Committee and shall include the following:

(1) the meeting number, method, date, venue and name of the chairperson;

(2) details of attendance, absence and attendance by authorization;

(3) the names and positions of persons attending the meeting;

(4) the meeting agenda;

(5) the key points of the speeches made by Committee members and relevant attendees;

(6) the name of the person recording the meeting record;

(7) where applicable, a statement in the meeting record or resolution that a Committee member with a conflict of interest abstained from voting.

Committee members attending the meeting shall sign the Committee meeting record.

Article 37 After a Committee meeting, the working body of the Committee shall prepare the Committee meeting minutes based on the discussions at the meeting.

In addition to being submitted to the Board, the meeting minutes shall be sent to the Committee members, the secretary to the Board, and the Company's human resources department and relevant departments and persons.

Article 38 The Committee meeting records, meeting minutes, powers of attorney, written opinions of members and other meeting materials shall be kept by the office of the Board in accordance with the relevant provisions.

Chapter VIII Supplementary Provisions

Article 39 Unless otherwise specified, terms used in these Rules shall have the same meanings as those terms have in the Articles of Association.

Article 40 In these Rules, the terms "**or more**" and "**within**" are inclusive of the stated figure, while the term "**more than**" is exclusive of the stated figure.

Article 41 Matters not covered by these Rules, or matters that conflict with laws, administrative regulations, normative documents, relevant regulatory rules of the place where the Company's shares are listed or the Articles of Association as amended through lawful procedures after these Rules take effect, shall be dealt with in accordance with the relevant national laws, administrative regulations, normative documents, relevant regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Article 42 These Rules shall take effect and be implemented after approval by the Board, with effect from the date on which the Company is first listed on The Stock Exchange of Hong Kong Limited.

Article 43 The right to interpret and amend these Rules belongs to the Board.

Article 44 If these Rules are available in both Chinese and English and there is any inconsistency between the Chinese and English versions, the Chinese version shall prevail.