

# **Modern Chinese Medicine Group Co., Ltd.**

## **現代中藥集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1643)**

**(the “Company”)**

### **BOARD DIVERSITY POLICY**

*(Adopted by the Company at a meeting of the board of directors  
of the Company on 18 December 2020)*

#### **1. Purpose and objectives**

The board of directors of the Company (the “**Board**”) believes that greater diversity of directors is good for corporate governance because it promotes board effectiveness and enables better decisions to be made due to the lessened risk of groupthink. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance.

This Policy aims to set out the approach to achieve diversity on the Board.

#### **2. Principle**

The Company endorses the principle that the Board should have a balance of skills, experience and diversity of perspectives appropriate to the Company’s business.

#### **3. Measurable objectives**

3.1 In order to achieve a diversity of perspectives among members of its Board, it is the policy of the Company to consider a number of factors when deciding on the appointments to the Board and the continuation of those appointments. The Board considers from a wide range of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, qualification, skills, experience, knowledge, length of service and any other factors that the Board may consider relevant and applicable from time to time taking into account the Company’s business model and specific needs. All these factors are considered to be relevant to the Company’s business, for the following reasons:

- (i) the Company operates in a diverse business environment where it is in the best interests of its shareholders that due account is taken of the interests of its employees, customers, suppliers, others with whom it does business, governmental and other institutions which have influence over the Company, and members of the public. A board whose composition has regard to the gender, age, cultural and educational background and ethnicity of its members is in a good position to take due account of such interests; and
- (ii) professional experience, skills, knowledge and length of service are self-evidently important contributors to the quality of the Board’s decision making.

- 3.2 The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board, having due regard to the benefits of diversity on the Board and also the needs of the Board without focusing on a single diversity aspect.
- 3.3 The Nomination Committee of the Board (the “**Nomination Committee**”) will discuss and agree annually measurable objectives for implementing diversity on the Board and recommend them to the Board for adoption.

#### **4. Disclosure of this Policy**

This Policy (or a summary of it) and the progress made towards meeting the measurable objectives set out in this Policy shall be disclosed in the Corporate Governance Report of the Company (the “**Corporate Governance Report**”) annually and published on the Company’s website for public information.

#### **5. Monitoring and reporting**

- 5.1 The Nomination Committee is responsible for monitoring the achievement of the measurable objectives set out in this Policy.
- 5.2 The Nomination Committee will review the Board’s composition at least once annually taking into account the benefits of all relevant diversity aspects and adhere to this Policy when making recommendation on any Board appointments.
- 5.3 A summary of this Policy and its implementation will be disclosed in the Corporate Governance Report annually in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

#### **6. Review**

The Nomination Committee will review this Policy, as appropriate, to ensure it remains relevant to the Company’s needs and reflects current regulatory requirements and good corporate governance practices. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.