

# POWER XINCHEN

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## XINCHEN CHINA POWER HOLDINGS LIMITED

(新晨中國動力控股有限公司)

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

(the “Company”)

**Terms of reference for the Nomination Committee of the board of directors of the Company adopted pursuant to a resolution of the board of directors on April 25, 2012 and effective from April 25, 2012 (amended and restated pursuant to a resolution of a committee of the board of directors on February 8, 2013)**

### **Constitution**

1. The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby resolves to establish a committee (the “**Committee**”) of the Board to be known as the Nomination Committee.

### **Membership**

2. The Committee shall be appointed by the Board and shall consist of not less than three members, a majority of whom should be independent non-executive Directors. A quorum for meeting shall be two members.
3. The Chairman of the Committee shall be appointed by the Board and shall be the chairman of the Board or an independent non-executive Director.

### **Secretary**

4. The company secretary shall be the secretary of the Committee.

### **Frequency of meetings**

5. Meetings shall be held not less than once a year. Meetings will be held at the request of any member of the Board.

## Authority

6. The Committee may exercise the following powers:
  - (a) to seek any information it requires from any employees of the Company and its subsidiaries (together, the “**Group**”) and any professional advisors in order to perform its duties, to require any of them to prepare and submit reports and to attend Committee meetings and to supply information and address the questions raised by the Committee;
  - (b) to review the performance of the Directors and the independence of independent non-executive Directors in relation to their appointment or re-appointment as Directors;
  - (c) to obtain, at the Company’s expenses, outside independent legal or other independent professional advices on or assistance to any matters within these terms of reference, including the advices of independent human resource consultancy firm or other independent professionals, and to secure the attendance of outsiders with relevant experience and expertise at its meetings if it considers this necessary;
  - (d) to review annually these terms of reference and their effectiveness in the discharge of its duties and to make recommendations to the Board any changes it considers necessary; and
  - (e) to exercise such powers as the Committee may consider necessary and expedient so that their duties under section 8 below can be properly discharged.
7. The Company will provide sufficient resources for the Committee’s performance of its duties including reasonable fees of legal and other independent professional advisors.

## Duties

8. The duties of the Committee shall be:
  - (a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually;
  - (b) to identify individuals suitably qualified to become members of the Board and may select individuals nominated for directorship;
  - (c) to assess the independence of the independent non-executive Directors;

- (d) to make recommendations to the Board on:
- (i) the roles, responsibilities, capabilities, skills, knowledge and experience required from members of the Board;
  - (ii) the policies on the terms of employment of non-executive Directors;
  - (iii) the composition of the audit committee, remuneration committee and other board committees of the Company;
  - (iv) proposed changes to the structure, size and composition of the Board to complement the Company's corporate strategy;
  - (v) candidates suitably qualified to become members of the Board;
  - (vi) the selection of individuals nominated for directorship;
  - (vii) the re-election by shareholders of the Company of any Directors who are to retire by rotation having regard to their performance and ability to continue to contribute to the Board;
  - (viii) the appointment of any Director by the Board pursuant to the Memorandum and Articles of Association of the Company;
  - (ix) the continuation (or not) in service of any independent non-executive Director serving more than nine years and to provide recommendations to the shareholders of the Company as to how to vote in the resolution approving the re-election of such independent non-executive Director;
  - (x) the appointment, re-designation and re-appointment of Directors; and
  - (xi) succession planning for Directors in particular the chairman and the chief executive;
- (e) to give full consideration to the following in the discharge of its duties as mentioned above or elsewhere in these terms of reference:
- (i) succession planning of Directors;
  - (ii) leadership needs of the Group with a view of maintaining or fostering the competitive edge of the Group over others;

- (iii) changes in market environment and commercial needs of the market in which the Group operates;
- (iv) the skills and expertise required from members of the Board;
- (v) the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) with regard to directors of a listed issuer;
- (vi) in respect of any proposed service contracts to be entered into by any members of the Group with its Directors or proposed Director, which require the prior approval of the shareholders of the Company at general meeting under Rule 13.68 of the Listing Rules, to review and provide recommendations to the shareholders of the Company (other than shareholders who are Directors with material interests in the relevant service contracts and their respective associates as defined in the Listing Rules) as to whether the terms of the service contracts are fair and reasonable and whether such service contracts are in the interests of the Company and the shareholders as a whole, and to advise shareholders on how to vote;
- (vii) to ensure that on appointment to the Board, each Director receives a formal letter of appointment or enters into a service contract with the Company, as appropriate;
- (viii) to ascertain the reasons for departure of resigning Directors;
- (ix) to consider other matters, as defined or assigned by the Board from time to time; and
- (x) to report 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).

## Reporting procedures

9. The secretary of the Committee shall circulate the draft and final versions of minutes of the Committee meetings to all members of the Committee for comment and approval and circulate reports of the Committee to all members of the Board.
10. The secretary of the Committee shall maintain as part of the Company’s corporate records all approved minutes and reports of the Committee.

### Attendance of annual general meeting

11. The Chairman of the Committee should, as far as practicable, attend the annual general meeting and make himself available to respond to any shareholders' questions on the Committee's activities.

### Principles to consider<sup>1</sup>

12. In carrying out its responsibilities, the Committee should give adequate consideration to the following principles:
  - (a) in relation to Board composition — the Board should have a balance of skills, and experience and diversity of perspectives appropriate for to the requirements of the Company's business. It should ensure that changes to its composition can be managed without undue disruption. It should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgment. Non-executive Directors should be of sufficient calibre and number for their views to carry weight; and
  - (b) in relation to appointments, re-election and removal — there should be a formal, considered and transparent procedure for the appointment of new Directors. There should be plans in place for orderly succession for appointments. All Directors should be subject to re-election at regular intervals. The Company must explain the reasons for the resignation or removal of any Director.
13. The Committee (or the Board) should have a policy concerning diversity of Board members, and should disclose the policy or a summary of the policy in the corporate governance report.<sup>2</sup>

*(Chinese translation is for reference only. The English text shall prevail in case of any inconsistency.)*

<sup>1</sup> This requirement will be effective from September 1, 2013.

<sup>2</sup> Board diversity will differ according to the circumstances of the Company. Diversity of Board members can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience. The Company should take into account its own business model and specific needs, and disclose the rationale for the factors it uses for this purpose.