



Datang Environment Industry Group Co., Ltd.*

大唐環境產業集團股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1272)

**DATANG ENVIRONMENT INDUSTRY GROUP CO., LTD.
TERMS OF REFERENCE OF THE NOMINATION COMMITTEE
OF THE BOARD OF DIRECTORS**

CHAPTER 1 GENERAL PROVISIONS

Article 1 Pursuant to the Company Law of the People's Republic of China, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter refer to as the "Listing Rules"), including the Corporate Governance Code as set out in Appendix C1 thereof and applicable regulatory rules, the Articles of Association of Datang Environment Industry Group Co., Ltd. (hereinafter refer to as the "Articles of Association"), and the Rules of Procedure of the Board Meetings of Datang Environment Industry Group Co., Ltd., the rules have been laid down to regulate the formulation, responsibilities and working procedures of the Nomination Committee of the board of directors (the "Board") of Datang Environment Industry Group Co., Ltd. (hereinafter refer to as the "Company") and ensure the effectiveness of the internal control of the Company.

Article 2 The Nomination Committee, established by the Board as a special committee, is mainly responsible for selecting and submitting proposals on the standards and procedures for selecting candidates for the positions of director and senior management member of the Company. In fulfilling its responsibilities, the Nomination Committee shall abide by the applicable laws, regulations, the Articles of Association and the rules. By virtue of legislative requirements, the Nomination Committee shall be subject to the supervision by the shareholders' meeting and the Audit Committee of the Company.

CHAPTER 2 COMPOSITION OF COMMITTEE

Article 3 The Nomination Committee shall be composed of three directors, with independent non-executive directors taking more than half of the seats and at least one director of a different gender.

Article 4 All committee members shall possess the qualifications as required by the relevant PRC laws and regulations and the Listing Rules.

Article 5 The members of the Nomination Committee 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, and shall be elected by the Board.

Article 6 The Nomination Committee shall have one chairman, who shall be an independent non-executive director. The chairman shall oversee the operation of the Nomination Committee and perform as the convener of meetings. The chairman elected shall be members of the Nomination Committee.

Article 7 The Nomination Committee shall have the same term of office as the Board. A member of the Nomination Committee may serve consecutive terms if re-elected upon the expiration of his/her term. If any member ceases to hold office as a director of the Company during the term, such director shall lose his/her position as a member of the Nomination Committee accordingly. The vacancy shall be filled by the Board in accordance with the rules. The term of office of the new member shall terminate upon the expiry of the term of office of the member as a director.

Article 8 The human resources department of the Company is an administrative office of the Nomination Committee, which is responsible for routine work and liaison, organization of meetings, etc.

CHAPTER 3 DUTIES AND AUTHORITIES

Article 9 The principal duties and authorities of the Nomination Committee shall include:

- (i) to review the structure, size and composition (including the skills, knowledge and experience) of the Board according to the Company's business activities, asset size and shareholding structure at least annually, to assist the Board in maintaining a Board skills matrix, and to make suggestions regarding any proposed changes to the Board to complement the Company's strategy;
- (ii) to develop the standards and procedures for selection and appointment of directors and senior management members, to assess each director's time commitment and contribution to the Board, as well as the director's ability to discharge his or her responsibilities effectively, taking into account comprehensively the professional qualifications and work experience, existing directorships of companies listed on the Main Board or GEM of The Stock Exchange of Hong Kong Limited and other significant external time commitments of such director and other factors or circumstances relevant to the director's character, integrity, independence and experience;
- (iii) to search extensively for qualified candidates for the positions of director and senior management member;
- (iv) to select and review candidates for directors and senior management members and their qualifications for appointment;
- (v) to review and make recommendations on the appointment of other senior management members that needs to be brought to the attention of the Board;

- (vi) to assess the independence of independent directors;
- (vii) to make recommendations to the Board on the appointment or re-appointment of directors, especially the chairman and general manager, and the succession of directors;
- (viii) to assist the Company's regular evaluation of the Board's performance; and
- (ix) to deal with other matters authorised by the Board.

Article 10 The Nomination Committee shall be accountable to the Board and submit nomination proposals to the Board for consideration and decision.

Article 11 The Nomination Committee may require senior management members of the Company to provide support to the works performed by the committee for the committee's convenience to discharge duties.

Article 12 The Nomination Committee has the right to investigate the management of the human resources department of the Company and the practices of relevant policies. The methods of investigation include but not limited to attending or presenting at relevant meetings of the Company, conducting internal investigation and study within the Company, and requiring senior management members or relevant responsible persons to submit oral or written work report to the committee within the specified time.

CHAPTER 4 WORKING PROCEDURES

Article 13 The Nomination Committee shall formulate selection requirements, procedures and term of office of directors and senior management members of the Company based on relevant laws and regulations and the Articles of Association as well as the actual condition of the Company, and shall form resolutions and submit them to the Board for approval and implementation.

Article 14 The selection process for directors and senior management members is set out as follows:

- (i) The human resources department of the Company shall actively facilitate the communication between the Nomination Committee and relevant departments of the Company, study on the needs for the Company to appoint new directors and senior management members and form written materials;
- (ii) The human resources department of the Company shall assist the Nomination Committee to extensively identify candidates for directors and senior management members within the Company, its subsidiaries or enterprises in which it has equity interests, and in the employment market, etc.;

- (iii) The human resources department of the Company shall assist the Nomination Committee to collect information of the candidates, such as occupation, educational background, title of his/her position, detailed working experience and all part-time jobs, and shall formulate written materials;
- (iv) The human resources department of the Company shall assist the Nomination Committee to request the consent from the nominees for their nomination, otherwise, such nominees shall not be regarded as the candidates for the positions of director and senior management member;
- (v) The Nomination Committee shall convene meetings and examine the qualifications of candidates according to the requirements for the positions of director and senior management member;
- (vi) The Nomination Committee shall table proposals and materials related to the candidates for directors and senior management members to the Board ten days preceding the election of new directors and new senior management members;
- (vii) The Nomination Committee shall proceed with other follow-up works according to the decision of and feedback from the Board.

Article 15 The relevant departments of the Company shall have the obligation to cooperate with the Nomination Committee to carry out works and provide relevant materials.

CHAPTER 5 RULES OF PROCEDURES

Article 16 The Nomination Committee shall convene meetings according to the needs of the business development of the Company. Seven days' notice shall be given to all members of the committee prior to the meeting. The meetings shall be presided over by the chairman, or, where the chairman is unable to preside over the meetings, one of the members as authorized by the chairman. In case of an emergency, the abovementioned time of notice can be exempt under the approval of more than one half of members.

Article 17 The quorum of the meetings of the Nomination Committee shall be more than two-thirds. Each member shall have one vote and the resolutions of the meetings shall be passed by more than one half of all members.

Article 18 The meetings of the Nomination Committee shall be convened under the principle of onsite meeting. Provided that members may fully express their opinions, meetings may be convened by way of video, telephone, facsimile transmission or email if necessary. The meetings of the committee can also be convened onsite and via other methods simultaneously.

Article 19 Resolutions at the meetings of the Nomination Committee shall be determined by show of hands, by poll, or by communication.

Article 20 The Nomination Committee may invite other directors, members of the Audit Committee and senior management members of the Company to attend such meetings if necessary.

Article 21 If necessary, the Nomination Committee may engage an intermediary institution to make decisions for it.

Article 22 The procedures for convening the meetings, means of voting and resolutions passed at a meeting of the Nomination Committee shall comply with relevant laws, regulations, the Articles of Association and provisions of the rules.

Article 23 Written minutes shall be taken for the meetings of the Nomination Committee, and shall be signed by the members present at the meeting. The minutes shall be kept by the secretary of the Board of the Company.

Article 24 The Nomination Committee may appoint the secretary of the Board to handle the following routine works:

- (i) to distribute meeting agenda and relevant supporting materials to each of the members seven days prior to the convening of meeting;
- (ii) to take minutes, compile opinions of all members attending the meeting to form an opinion submission and deliver the minutes to them for signing;
- (iii) to distribute minutes to the Board and members of the Nomination Committee within fourteen days after conclusion of the meeting.

Article 25 The resolutions and poll results passed at the meetings of the Nomination Committee shall be reported to the Board of the Company in written form.

Article 26 Members who attend the meetings shall keep confidential all matters discussed at the meetings. Unauthorized disclosure of the relevant information shall be prohibited.

CHAPTER 6 SUPPLEMENTARY PROVISIONS

Article 27 In the rules, the meaning of “more than” includes the underlying number, the meaning of “exceeding” does not include the underlying number, and “day(s)” refers to business day(s). Unless otherwise stated, technical terms used herein shall have the same meanings as they appear in the Articles of Association.

Article 28 The rules shall come into effect from the date when it is considered and passed by the Board.

Article 29 For any matters that are not covered in the rules or if the rules contravene relevant laws, regulations, regulatory documents and the Articles of Association, the abovementioned laws, regulations, regulatory documents and the Articles of Association shall prevail and the rules shall be amended in a timely manner.

Article 30 The rules shall be revised and interpreted by the Board of the Company.

Important Note: The English version is for reference only. Should there be any inconsistency between the English and Chinese versions, the latter shall prevail.