

Terms of Reference and Rules of Procedure for Meeting of Nomination Committee under the Board of Jilin Province Chuncheng Heating Company Limited*¹

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to standardize the selection and appointment of directors of Jilin Province Chuncheng Heating Company Limited* (the “Company”), optimize the composition of the board of directors (the “Board”) and improve the Company’s governance structure, the Company sets up the Nomination Committee under the Board and formulates 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”) and other relevant laws and regulations and the Articles of Association of the Company (the “Articles of Association of the Company”).

Article 2 The Nomination Committee (the “Committee”) is a special committee established by the Board and mainly responsible for performing its monitoring function in the following areas:

- (1) assisting the Board in formulating the procedures and criteria for electing and appointing the directors of the Company and assessing their qualifications within its terms of reference;
- (2) screening and nominating candidates for directors and members of the committees under the Board (the “Committees”) for consideration at the general meeting with prior approval of the Board;
- (3) ensuring the directors and members of the Committees always maintain sufficient skills, experience and knowledge to perform their duties; and
- (4) ensuring the continuous and effective performance of the Board on its corporate governance duties.

CHAPTER 2 COMPOSITION

Article 3 The Committee shall consist of three (or more) directors who shall be directly appointed by the Board and the majority of whom shall be independent non-executive directors. The Committee must have a least one member of a different gender. The Committee shall be chaired by an independent non-executive director/the chairman of the Board.

Article 4 Members of the Committee shall attend meetings of the Committee on a regular basis, and shall actively express their opinions on matters proposed at the meetings and have a thorough understanding of the roles and responsibilities of the Committee.

¹*Note:* This document is provided in Chinese and English versions. In case of any inconsistency between Chinese and English versions, the Chinese version shall prevail.

* *for identification purpose only*

Article 5 At the request of the Committee, other members of senior management and representatives of external consultants shall also attend part or whole of any meeting of the Committee or participate in the discussion of certain matters proposed at the meetings.

Article 6 The secretary to the Board or the joint company secretaries or their appointed representative shall be the secretary to the Committee.

CHAPTER 3 DUTIES AND RESPONSIBILITIES

Article 7 The principal duties and responsibilities of the Committee shall include:

- (1) reviewing the structure, size, composition and diversity of the Board at least annually in light of the operating activities, assets size and shareholding structure of the Company, identifying suitable candidates for directors based on its policy of diversity (including but not limited to gender, age, cultural and educational background, expertise, skills, knowledge and length of services), assisting the Board in maintaining a Board skills matrix and making recommendations on any proposed changes to the Board to complement the Company's strategies;
- (2) making recommendations to the Board on the appointment or re-appointment and succession plan of the directors, especially the chairman of the Board and the chief executive officer, including duly considering a combination of factors such as the Company's corporate strategy and personnel skills, knowledge, experience and needs of diversity required in the future with other members of the Board as invited at its discretion;
- (3) identifying qualified individuals for appointment as additional directors or to fill vacancies of the Board as required, and making recommendations to the Board on the selection and nomination of such persons for directors; in identifying suitable candidates, the Committee shall take into full consideration the complementarity of the knowledge, structure and experience of the Board members and the balance and independence of composition of the Board, and shall choose from a wide range of candidates based on objective criteria, taking into account the benefits of the diversity of the Board members and its policy of diversity, and in light of the business needs of the Company and its subsidiaries (the "Group"), so that members of the Board will possess proper ability, experience and diversified perspectives to support the Company in realizing strategic objectives, maintaining competitive strengths and achieving sustainable development;
- (4) assisting the Board in assessing and reviewing the independence of the independent non- executive directors;
- (5) keeping the governing capabilities of both executive and non-executive directors of the Company under review and development to ensure continuous and effective competitiveness of the Company's entities in the market;
- (6) performing regular review on the contributions made by the directors and the sufficiency of time devoted to perform their duties, and assessing whether the directors have devoted sufficient time and efforts in performing their duties by way of performance appraisal;

- (7) the Committee shall make recommendations to the Board on the re-appointment of non- executive directors (including independent non-executive directors) upon the expiry of their terms of office, and make recommendations to the Board on matters in relation to the election or re-election of directors by shareholders, and the continuation in office of any director at any time; where the Board decides to propose a resolution to elect an individual as an independent non-executive director at the general meeting, the Committee shall cause the inclusion of the following details 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 and the reasons why the Board believes the individual should be elected and the reasons why it considers the individual to be independent;
 2. if the proposed independent non-executive director will be holding directorship at seven (or more) listed companies, the reasons why the Board believes the individual would still be able to devote sufficient time to the Board in performing the duties as a director;
 3. the perspectives, skills and experience that the individual can bring to the Board; and
 4. how the individual contributes to diversity of the Board;
- (8) ensuring that on appointment to the Board, the director will receive a formal letter of appointment setting out clearly the major terms and conditions for the appointment;
- (9) reviewing and assessing each director's time commitment and contribution to the Board as well as the director's ability to discharge his/her responsibilities effectively, taking into account the factors as required by the Hong Kong Listing Rules;
- (10) support the regular evaluations of the performance of the Board; and
- (11) implementing other matters as authorized by the Board from time to time, as set out in the Articles of Association from time to time or as required by laws from time to time.

Article 8 The Nomination Committee shall also perform the following functions:

- (1) formulating the Company's corporate governance policies and practices, reviewing the implementation of these policies and practices and making recommendations to the Board;
- (2) reviewing and monitoring the training and continuous professional development plans of the directors and senior management;
- (3) reviewing and monitoring the implementation of Company's policies and practices regarding compliance with laws and regulatory rules;
- (4) formulating, reviewing and monitoring the compliance with the code of conduct and compliance manual (if any) applicable to the employees and directors;

- (5) reviewing the Company's compliance with the Corporate Governance Code as set out in the Hong Kong Listing Rules, together with the information disclosure in the Corporate Governance Report; and
- (6) the Committee shall upload these terms of reference to the websites of the Stock Exchange and the Company to explain its duties and power delegated by the Board.

CHAPTER 4 POWER

Article 9 The Committee has the right to seek adequate administrative support from the senior management of the Group for performing its duties and has separate and independent access to senior management of the Group.

Article 10 The senior management shall duly provide the Committee with sufficient and appropriate information required for fulfilment of its duties. The Committee has the right to request any member of the senior management of the Group to promptly respond to queries raised by any member of the Committee as comprehensive as possible.

Article 11 Members of the Committee may, upon reasonable request, seek independent professional advice for their decision-making in appropriate circumstances, at the Group's expense. In the event of seeking professional advice from an external consultant, such consultant shall be appointed by the chairman of the Committee and its opinions shall be directly submitted to the chairman of the Committee. Such consultant shall be independent from the senior management.

CHAPTER 5 RULES OF PROCEDURES

Article 12 The Committee shall convene regular meetings at least once a year before the regular meetings of the Board in principle. Notices shall be given to all members no less than 3 business days prior to the meeting, and notices of the meeting shall contain the date, place, reasons and topics for discussion of the meeting, but the notice period may be waived with the written consent from more than half of all members. Extraordinary meetings may be convened upon proposal by the chairman or more than half of all members of the Committee. Notices of extraordinary meetings shall be given to all members no less than 3 business days prior to the meeting, but the notice period may be waived with the written consent from more than half of all members.

Article 13 Materials and notice of the meetings of the Committee shall be issued simultaneously. All members shall fully read the meeting materials prior to the meeting.

Article 14 The meetings of the Committee shall be, in principle, convened in an onsite way with the presence of more than half of all members. The meetings may also be convened by telecommunication means or circulation of written resolutions provided that all members are allowed to fully express their opinions. Telecommunication means refer to the use of telephone, videos and other means to participate in the meeting; circulation of written resolutions refers to the way of making decision on proposals through separate or circulated service and consideration. The quorum of the meetings of the Committee shall be two, one of whom must be an independent non- executive director.

Article 15 The chairman of the Committee shall preside over meetings of the Committee. In the event that the chairman of the Committee is unable to attend, another member (who shall be independent non-executive director) may be designated to preside over the meetings. If such delegation is not made, more than half of the members being present shall select a member (who shall be independent non-executive director) to preside over the meetings.

Article 16 Members of the Committee shall attend the meetings in person. In the event that a member is unable to attend for any reason, he/she may authorize another member in writing to attend and vote on his/her behalf. The proxy who attends and votes at the meeting shall submit the power of attorney to the chairman of the meeting before it begins. The power of attorney shall set out the name of the principal, name of the proxy, matters delegated, voting instructions on matters proposed at the meeting (for or against), scope and validity period of authorization, and shall be signed or sealed by the principal. The proxy shall exercise the right within the scope of authorization. The principal who authorizes other members to attend the meeting on his/her behalf shall be solely liable to any decision made by the proxy within his/her scope of authorization.

Article 17 Voting at the meetings of the Committee shall be conducted by a show of hands, by verbal votes or by open ballots, and every member shall have one vote. Resolutions made at the meetings shall not take effect unless they are passed by more than half of all members (including members unable to be present). Members of the Committee shall give express votes, either for or against, but may not abstain from voting.

Article 18 At the request of the Committee, it may invite persons other than the members of the Committee such as directors, supervisors, relevant members of the senior management and heads of relevant departments of the Company to be in attendance at part or whole of any meeting of the Committee. A prior approval from the chairman of the Committee shall be obtained for the list of such persons in attendance at the meetings.

Article 19 Any member who is interested in the matter being discussed at the meeting of the Committee and his/her associates shall abstain from attending the meetings.

Article 20 Full minutes of the meetings of the Committee shall be kept. Minutes of the meetings of the Committee shall provide a sufficient and detailed record the matters considered and decisions reached by the Nomination Committee, including all concerns raised or dissenting views expressed by the members. Members attending the meetings shall sign on the final version of the minutes of the meetings.

Article 21 Members of the Committee and other persons attending the meetings shall keep confidential of all matters discussed at the meetings. Unauthorized disclosure of relevant information is prohibited.

CHAPTER 6 REPORTING PROCEDURES

Article 22 The proposals of the Nomination Committee shall be considered and approved by the Board; among which, resolutions on the nomination of candidates for directors shall, after reviewed by the Board, be submitted to the general meeting for consideration and approval prior to implementation.

Article 23 All minutes of the meetings prepared by the Committee in accordance with the Article 20 of these terms of reference shall be kept by the secretary to the Committee and be available for inspection at any reasonable time on reasonable notice by any director.

Article 24 The Committee shall regularly report to the Board on matters set out in these terms of reference, including the work of the Committee.

CHAPTER 7 ANNUAL GENERAL MEETING

Article 25 The chairman of the Committee shall attend annual general meetings of the Company and be prepared to answer any shareholder's questions in relation to the duties of the Nomination Committee.

Article 26 If the chairman of the Committee is unable to attend an annual general meeting of the Company, he/she shall arrange for another member of the Committee to attend in his/her place. Such person shall be prepared to answer any shareholder's questions in relation to the work of the Committee at the annual general meeting.

CHAPTER 8 EFFECTIVE DATE AND AMENDMENTS

Article 27 These terms of reference were considered and approved by the Board of directors of the Company and shall become effective on the date of the listing of overseas listed foreign shares (H shares) issued by the Company on The Stock Exchange of Hong Kong Limited. Where it is necessary to amend these terms of reference in light of changes in actual situation, the amendments shall be proposed by the Committee and submitted to the Board for consideration and approval.

Article 28 Matters not covered by these terms of reference shall be handled in accordance with the requirements of relevant state laws and regulations, the Hong Kong Listing Rules and the Articles of Association of the Company; in case there is any inconsistency between these terms of reference and state laws and regulations to be issued in the future, the Hong Kong Listing Rules or the Articles of Association of the Company amended by lawful procedures, the relevant state laws and regulations, the Hong Kong Listing Rules and the Articles of Association of the Company shall prevail and these terms of reference shall be amended immediately subject to the approval of the Board.

Article 29 These terms of reference shall be interpreted by the Board.