

AviChina Industry & Technology Company Limited

Terms of Reference of the Nomination Committee of the Board

Chapter 1 General Provisions

Article 1 In order to specify to the decision making procedures of AviChina Industry & Technology Company Ltd (the “Company”) and to make the supervisory system and incentive system of the Company sound and effective, the Company establishes the Nomination Committee of the Board (hereinafter referred to as the “Nomination Committee”) and, in consideration of the actual conditions of the Company, hereby sets out these Rules in accordance with the laws, regulations, regulatory documents, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Articles of Association of the Company (“Articles of Association”).

Article 2 The Nomination Committee is a dedicated committee of the Board established in accordance with Articles of Association. The Nomination Committee is mainly responsible for the study on the nomination standards, procedures and candidates for the directors and senior management of the Company who are not employee representatives and the making of recommendations to the Board, and ensuring the Board members have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the business of the Company.

Article 3 The senior management referred to in these Rules includes manager, deputy manager, chief financial officer (for the avoidance of doubt, the chief financial officer refers to the chief financial officer and chief accountant) the board secretary and other individuals recognized by the regulatory authorities or confirmed by the resolutions of the Board to take important positions.

Article 4 The Nomination Committee shall convene the periodical meeting at least once a year. It can also convene extraordinary meetings according to the PRC laws, regulations, regulatory documents, the Listing Rules, Articles of Association, and these terms of reference.

Chapter 2 Composition of the Nomination Committee

Article 5 The Nomination Committee shall consist of at least 3 directors, among which, the independent non-executive directors shall take more than 1/2 of the seats.

Article 6 The Nomination Committee shall have at least one member of a different gender.

Article 7 The members of the Nomination Committee shall be decided by the Board.

Article 8 The Nomination Committee shall be chaired by the chairman of the Board or an independent non-executive director, and the chairman of the Nomination Committee shall be elected upon approval by not less than 2/3 of the members of the Nomination Committee.

Article 9 The term of the Nomination Committee shall be in line with that of the Board. Upon expiration of the term, the committee members are eligible for re election. If any committee member ceases to be a director or any committee member who is an independent non-executive director ceases to have the independence as required by the laws, regulations, regulatory documents, the Listing Rules or Articles of Association, he shall automatically be disqualified as a committee member and the Board shall elect a new member to fill in the gap according to Articles 5 to 7 above.

Chapter 3 Terms of reference of the Nomination Committee

Article 10 According to relevant provisions of the Listing Rules and Articles of Association, the Nomination Committee has the following main duties and authorities:

- (1) to review the structure, size and composition (including the skills, knowledge, experience and diversity of the Board members) of the Board at least once every year, assist the Company in evaluating the performance of the Board regularly and make recommendations regarding the change of the Board to meet the Company's strategy, if necessary;
- (2) to study the nomination standards and procedures for the directors and senior management of the Company, and to make recommendations to the Board;
- (3) to identify individuals suitably qualified to become board members and senior management, review such candidates, make appointment recommendations, select and nominate relevant individuals to be appointed as directors or senior management or make recommendations to the Board on such selection and nomination and assist the Board in preparing a Board skills matrix;
- (4) to assess the independence of independent non-executive directors;
- (5) to make recommendations to the Board on the appointment or re appointment of directors and succession planning for directors, in particular for the chairman of the Board and the manager of the Company;
- (6) to report to the Board on the decisions or suggestions made by the

- Nomination Committee, except for matters as restricted by laws or supervisory specifications which cannot be reported to the Board;
- (7) to attend to other duties and authorities authorized by the Board or works assigned by the Board to the Nomination Committee; and
 - (8) to cover works of the Nomination Committee as required by the Listing Rules as amended from time to time.

Article 11 When determining the criteria for identifying suitable directors, the Nomination Committee shall comply with the requirements of the Board members diversity policy, including but not limited to:

- (1) consider the candidates for directors on a merit basis following objective standards and take into account factors such as gender, age, cultural and educational background, and professional experience, industry knowledge and reputation of the Board members;
- (2) consider the candidates for directors having regard to the business features and the future development needs of the Company; and
- (3) the members of the Board shall not be of a single gender.

The Nomination Committee shall monitor the implementation of the Board members diversity policy on an ongoing basis and report on the Board's diversity policy, including a summary of the policy, any measurable objectives set for its implementation and progress towards meeting them, in the Corporate Governance Report set out in the Company's annual report.

The Nominating Committee shall conform to the Board's diversity policy described above and make recommendations to the Board regarding appropriate amendments to such policy.

Article 12 The Company should provide the Nomination Committee sufficient resources to perform its duties. Where necessary, the Nomination Committee shall seek independent professional advice, at the Company's expense, to perform its responsibilities.

Chapter 4 Duties and Authorities of the Chairman of the Nomination Committee

Article 13 The Chairman of the Nomination Committee has the following main duties and authorities:

- (1) to convene the periodical meetings of the Nomination Committee;
- (2) to take initiative to convene the extraordinary meetings of the Nomination Committee, when the Board or senior management is going to change;

- (3) to convene the extraordinary meetings of the Nomination Committee upon the request by the chairman of the Board or shareholders who have the rights to recommend or nominate directors or senior management of the Company;
- (4) to supervise and procure the implementation of resolutions of the Nomination Committee; and
- (5) to attend to other duties and authorities authorized by the Board and/or the Nomination Committee.

Chapter 5 Convention and Notification Procedures of the Nomination Committee Meetings

Article 14 In principle, the meeting notice shall be issued in writing 5 days before the date of the meeting to notify all members of the Nomination Committee. Under special circumstances, provided that not less than 2/3 of the members of the Nomination Committee have no objection, the notice may be issued less than 5 days before the meeting convenes and/or make the notification in other forms.

Article 15 Notice of the meeting of the Nomination Committee shall include the following contents:

- (1) date and venue of the meeting;
- (2) duration of the meeting;
- (3) reasons to convene the meeting and matters to be discussed at the meeting;
- (4) date for issuing the meeting notice.

The proposals and notice of the meeting shall be prepared by the chairman of the Nomination Committee, and be delivered to all members of the Nomination Committee by the staff of the Board office.

Chapter 6 Discussing and Voting Procedures of the Nomination Committee

Article 16 The meeting of the Nomination Committee cannot be held unless not less than 2/3 of the members are present at the meeting. Each member has one voting right. To adopt a resolution, votes representing not less than two-thirds of the voting rights represented by members of the Nomination Committee present at the meeting must be exercised in favour of the resolution for it to be passed.

Article 17 The meeting of Nomination Committee may adopt the form of on site meeting, tele-conference meeting or other forms considered appropriate by the Nomination Committee.

Article 18 The meeting of Nomination Committee shall be chaired by chairman of the Nomination Committee. In the event that the chairman of the Nomination

Committee cannot preside over the meeting for any reason, the independent non-executive director of the Nomination Committee attending the meeting shall preside over the meeting in lieu of the chairman of the Nomination Committee. In the event that there are two or more independent non-executive directors attending the meeting, one of them shall be elected to preside over the meeting by more than half of the committee members in favour of him.

Article 19 The Nomination Committee may call other individuals related to the matters to be discussed at the meeting to attend the meeting to make introductions or listen to suggestions. Such individuals shall not be absent without providing reasons, and shall not join the discussion or affect the agenda, or participate in the voting and decision making of the meeting.

Article 20 The meeting of Nomination Committee does not discuss subjects or matters which are not listed on the meeting notice in principle. In particular situations where new subjects or matters have to be added, the subjects or matters added cannot be discussed and decided unless being approved by not less than 2/3 of the committee members attending the meeting.

Article 21 Upon invitation by the chairman of the Board, the chairman of the Nomination Committee or if he is absent, another committee member or authorized representatives of the chairman of the Nomination Committee shall answer questions at the shareholders' annual general meeting.

Chapter 7 Resolutions and Minutes of the Meetings of Nomination Committee

Article 22 The voting of the meetings of the Nomination Committee shall be taken by show of hands, and the resolutions and minutes of the meeting shall be prepared after voting and signed by all committee members present at the meeting. The written documents of resolutions and minutes of the meeting shall be sent to all members of the Nomination Committee as records, and be kept by the Board secretary as the Company's archive, which shall be kept at least 15 years during the existence of the Company.

Article 23 The resolutions of the Nomination Committee shall include the following contents:

- (1) the date and venue of the meeting, the name of the person who summon the meeting;
- (2) the number of Committee members who are supposed to be present at the meeting and who are actually present;
- (3) to specify the procedures of the meeting and the legality and validity of the

- meeting resolutions;
- (4) to specify the content and voting results of proposals which are discussed and voted in the meeting;
 - (5) other matters that shall be specified and recorded in the resolutions.

Article 24 After resolutions have been prepared on the Nomination Committee meeting, all parties related with the matters being discussed shall be informed of the resolution results in time.

Article 25 After resolution on certain proposal has been prepared in the Nomination Committee meeting, if such proposal shall be submitted to the Board meeting for discussion, the Nomination Committee shall submit the proposal to the Board in time.

Chapter 8 Supplementary Rules

Article 26 Unless otherwise specified, the terms used in these terms of reference have the same meanings ascribed to them in the Articles of Associations. For the purpose of these terms of reference, the terms “not less than” and “at least” shall be inclusive of the given figure, where the term “more than” does not include the given figure.

Article 27 For matters not covered in these terms of reference or where these terms of reference are in conflict with laws, statutes, regulatory documents, the Listing Rules, or Articles of Association promulgated or amended after these terms of reference take effect, the provisions of laws, statutes, regulatory documents, the Listing Rules, or Articles of Association shall prevail.

Article 28 These terms of reference shall be amended according to the actual situation and laws and regulations, Articles of Association applicable to the Company. The Nomination Committee shall put forward the revised version, and submit to the Board for approval.

Article 29 These terms of reference and the amendments shall be effective upon approval by the Board.

Article 30 These terms of reference shall be interpreted by the Board.

Article 31 These terms of reference shall be published on the website of the Company and the Hong Kong Stock Exchange as required by the Listing Rules.