Shanxi Installation Group Co., Ltd.
山西省安裝集團股份有限公司

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

(Stock Code: 2520)

Nomination Committee — Terms of Reference

The board of directors (the "**Board**") of Shanxi Installation Group Co., Ltd. (the "**Company**") has established a committee of the Board known as the Nomination Committee (the "**Nomination Committee**") with its constitution and particular duties set out below:

1. MEMBERSHIP

1.1. The members of the Nomination Committee shall be appointed by the Board amongst the directors of the Company and the Nomination Committee shall consist of at least three members, the majority of which shall be independent non-executive directors.

1.2. The chairman of the Nomination Committee shall be appointed by the Board. The chairman of the Nomination Committee must be the chairperson of the Board or an independent non-executive director.

2. SECRETARY OF NOMINATION COMMITTEE

2.1. The company secretary of the Company (or any one of the joint company secretaries of the Company as may be designated by the Board, where applicable) shall be the secretary of the Nomination Committee.

2.2. The Nomination Committee may from time to time appoint any other person with appropriate qualification and experience to act as the secretary of the Nomination Committee.

3. MEETINGS

3.1. At least one meeting will be held each year.

3.2. Unless otherwise agreed or waived, notice confirming the venue, time and date of each regular meetings of the Nomination Committee shall be sent to each member of the Nomination Committee, and to any other person required to attend the meeting, at least 5 days before the date of the meeting.

3.3. The quorum for a meeting shall be two members, one of whom must be an independent non-executive director.

3.4. The members of the Nomination Committee may attend meetings either in person, by telephone or through other electronic means of communication (which are available to all attended parties).

3.5. Resolutions of the Nomination Committee shall be passed with a simple majority of votes.

3.6. Resolutions signed by all members of the Nomination Committee will be treated as valid as if they are passed at a meeting of the Nomination Committee.

3.7. Minutes of the Nomination Committee meetings shall be kept by the secretary of the Nomination Committee and shall be made available for inspection by any member of the Nomination Committee and/or any director of the Company at any reasonable time on reasonable prior notice. Draft and final versions of minutes of Nomination Committee meetings shall be sent to all Nomination Committee members for their comments and records within a reasonable time after the meeting. Once they are agreed, the secretary of the Nomination Committee shall circulate the minutes and reports of the Nomination Committee to all members of the Board.

4. ATTENDANCE OF MEETINGS

4.1. Upon invitation by the Nomination Committee, the chairperson of the Board and/or the president or the vice president, external consultant and other Board members may attend all or any of the meetings.

4.2. Only members of the Nomination Committee members shall be entitled to vote at a meeting.

5. DUTIES

The primary duties of our Nomination Committee are to review the structure, size and composition of our Board and our board diversity policy on a regular basis; identify individuals suitably qualified to become Board members; assess the independence of independent non-executive Directors; and make recommendations to our Board on relevant matters relating to the appointment or reappointment of Directors. The specific duties of the Nomination Committee shall include, but not limited to, the following:

5.1. to ensure that the Board and its committees consist of directors with the appropriate balance of skills, experience, diversity and knowledge of the Company to enable the Board to discharge its duties effectively; to assist the Board in maintaining a board skills matrix;

5.2. to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; when reviewing the structure, size and composition of the Board, the Nomination Committee shall take into consideration of a number of factors, including but not limited to gender, age, cultural and educational background, or professional experience in accordance with the policy on Board diversity (the "**Board Diversity Policy**") adopted by the Company from time to time to achieve Board diversity;

5.3. to develop, review and implement, as appropriate, the policy, criteria and procedures for the identification, selection and nomination of candidates as directors for Board approval. Such criteria include but are not limited to the potential contributions a candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;

5.4. to make recommendations to the Board on the appointment or re-appointment of directors and senior management and succession planning for directors and senior management, in particular the chairman and the chief executive, taking into account all factors which the Nomination Committee considers appropriate including the challenges and opportunities the Company is facing and the skills and expertise required in the future, and to ensure that senior management's succession planning is discussed at the Board at least once every year;

5.5. to continuously evaluate the leadership needs and the training and development programmes of the Company, with a view to ensuring the continuous effective and efficient functioning of the Company and maintain competitiveness in the market;

5.6. to evaluate the needs for, and monitor the training and development of directors;

5.7. to review and assess the skills, knowledge and experience required to serve on various Board committees, and make recommendations on the appointment of members of Board committees and the chairman of each committee;

5.8. to review the feedback in respect of the role and effectiveness of the Board committees arising from the evaluation of the Board and/or any Board committees and make recommendations for any changes if needed;

5.9. to draw up, review and update, as appropriate, the Board Diversity Policy and any measurable objectives for implementing such Board Diversity Policy as may be adopted by the Board from time to time and to review and update the progress on achieving the objectives; and to make disclosures of its progress its review results in the annual report of the Company annually;

5.10. to support the Company's regular evaluation of the Board's performance;

5.11. to assess the independence of independent non-executive directors; and

5.12. where the Board proposes a resolution to elect an individual as an independent non-executive director at the general meeting, the Nomination Committee should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe he should be elected and the reasons why they consider him to be independent.

6. REPORTING RESPONSIBILITIES

6.1. After each meeting, the Nomination Committee shall report formally to the Board in respect of all matters within its duties and responsibilities.

6.2. The Nomination Committee should make available these terms of reference by publishing them on the Stock Exchange's website and the Company's website.

7. ANNUAL GENERAL MEETINGS

7.1. The chairman of the Nomination Committee shall attend the annual general meetings of the Company and be prepared to respond to any shareholder enquiries in relation to the performance of the Nomination Committee's duties. If the chairman of the Nomination Committee is unable to attend, a member of the Nomination Committee (who must be an independent non-executive director) shall attend the annual general meeting of the Company. Such member shall be prepared to respond to any shareholder enquiries in relation to the performance of the Nomination Committee's duties.

8. AUTHORITY

8.1 The Nomination Committee is authorised by the Board to obtain any information it requires from senior management of the Company in order to perform its duties when necessary.

8.2 The Nomination Committee is authorised by the Board to seek independent professional advice in connection with its duties at the Company's expense when necessary.

Note: All such arrangements of obtaining external legal or other independent professional advice may be made by the company secretary.

8.3 The Company should provide the Nomination Committee sufficient resources to perform its duties.

If there is any inconsistency between the English version and the Chinese version of this document, the Chinese version shall prevail.