SANY HEAVY INDUSTRY CO., LTD.
TERMS OF REFERENCE OF THE NOMINATION COMMITTEE OF THE BOARD OF DIRECTORS

CHAPTER 1 GENERAL PROVISIONS

Article 1 To regulate the criteria and procedures for nominating directors and members of senior management of the Company and improve the corporate governance structures, the Company hereby establishes the Nomination Committee of the Board of Directors and formulates these terms of reference (hereinafter the "Terms of Reference"), in accordance with the Company Law of the People's Republic of China (hereinafter the "Company Law"), the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter the "Hong Kong Listing Rules"), Appendix C1 to the Hong Kong Listing Rules (Corporate Governance Code), the Articles of Association of SANY Heavy Industry Co., Ltd. (hereinafter the "Articles of Association"), and other relevant provisions.

Article 2 The Nomination Committee of the Board of Directors is a specialized working committee established by the Board of Directors in accordance with the resolutions of the Board of Directors, primarily responsible for regulating the selection of the candidates of the directors and members of senior management of the Company, the selection criteria and procedures, as well as providing recommendations.

CHAPTER 2 COMPOSITION

Article 3 The Nomination Committee shall consist of at least three directors, with the majority being independent non-executive directors, including at least one director of a different gender.

Article 4 Members of the Nomination Committee shall be nominated by the chairperson of the Board of Directors, half or more of the independent non-executive directors or one-third of all directors and selected by the Board of Directors.

Article 5 The Nomination Committee shall have one chairperson, who shall be an independent non-executive director and shall be responsible for presiding over the work of the Committee. The chairperson shall be elected among the members and reported to the Board of Directors for approval.

Article 6 The term of office of the Nomination Committee shall be identical to that of the Board of Directors. A member of the Nomination Committee may be re-elected upon the expiration of his/her term of office. A member of the Nomination Committee shall not be removed without cause prior to the expiration of his/her term of office unless he/she is prohibited from holding office under the Company Law, the Articles of Association, the Hong Kong Listing Rules or the Terms of Reference. If a member of the Nomination Committee ceases to be a director or is no longer fit to be a Committee member (e.g. a member who does have the status of an independent non-executive director no longer meets the independence requirements of the Hong Kong Listing Rules), his/her qualification as a Committee member will be revoked automatically and the position so vacated shall be filled by the Committee according to the provisions of Article 3 to 5 above.

Article 7 Where the number of members of the Nomination Committee falls below the required minimum number specified in the Hong Kong Listing Rules due to the resignation or dismissal or other reasons, the Board of Directors shall, according to the Hong Kong Listing Rules, immediately state relevant details and reasons for failure to meet the requirement by announcement, and fill the vacancy according to the provisions of the Hong Kong Listing Rules and Articles 3 to 6 of the Terms of Reference within three months from the date when the aforementioned requirements are not met. The term of office for the member filling the vacancy shall expire at the end of the term when he/she serves as a director.

CHAPTER 3 DUTIES AND AUTHORITIES

Article 8 The main duties and authorities of the Nomination Committee include but are not limited to:

(1) To review the structure, size and composition (including skills, knowledge and experience) of the Board of Directors at least annually, assisting the Board of Directors in maintaining a skill matrix of the Board of Directors, and make recommendations on any proposed changes to the Board of Directors to complement the Company's strategy;

(2) To identify individuals with suitable qualifications to serve as directors, and select and nominate such individuals to serve as directors or making recommendations to the Board in this regard;

(3) To assess the independence of the independent non-executive directors;

(4) To make recommendations to the Board of Directors on the appointment or reappointment of directors and succession plan for directors, in particular the chairman and the chief executive officer;

(5) To support the Company's regular evaluation of the Board's performance.

Article 9 The Nomination Committee is authorized by the Board of Directors to request the employees of the Company to provide any necessary data within the scope of its duties. The Nomination Committee should have access to independent professional advice at the expense of the Company, and to secure the third party processing the relevant experience and profession to attend the meeting when necessary.

Article 10 The Nomination Committee is responsible for formulating the criteria and procedures for selection of directors and members of senior management, screening and reviewing the candidates for directors and members of senior management and their qualifications, as well as making recommendations to the Board of Directors on the following issues:

(1) nomination, appointment or dismissal of directors;

(2) appointment or dismissal of senior management personnel;

(3) establishing the Board of Directors' diversity policy and ensuring and reviewing the diversity of the Board of Directors periodically;

(4) other matters prescribed by laws, administrative regulations, securities regulatory provisions in the places where the shares of the Company are listed and the Articles of Association.

For recommendations of the Nomination Committee not being adopted or completely adopted by the Board of Directors, the opinions of the Nomination Committee and reasons for non-adoption shall be recorded in the resolution of the Board of Directors, and shall be disclosed accordingly.

Article 11 The Nomination Committee is accountable to the Board of Directors; proposals made by the Nomination Committee shall be subject to review and determination by the Board of Directors. Relevant departments of the Company shall cooperate with the Nomination Committee to perform its duties, and shall provide adequate resources. Expenses to be incurred in the ordinary operation of the Nomination Committee shall be borne by the Company. The Nomination Committee may engage an intermediary agency to provide professional advice on its decisions at the expense of the Company when necessary.

Article 12 The Terms of Reference do not exclude the right of shareholders individually or collectively holding 1% or more of the shares of the Company, to nominate directors in accordance with the provisions of the Articles of Association, the right of the Chairman of the Board of Directors of the Company to nominate the president of the Company and the right of the president of the Company to nominate other members of senior management. The procedures for the aforementioned nominations and elections shall be carried out in compliance with relevant regulations.

Article 13 The Nomination Committee may designate relevant departments and personnel to assist in its work as required.

Article 14 The Nomination Committee shall review the election criteria, procedures for selection and term of office of the directors and members of senior management of the Company in accordance with the requirements of relevant laws and regulations and the Articles of Association, taking into account the actual conditions of the Company. Any resolution made in this regard shall be filed and submitted to the Board of Directors for approval and shall be implemented accordingly.

Article 15 Selection procedures for directors and members of senior management include:

(1) the Nomination Committee shall actively communicate with relevant departments of the Company to study the demand of the Company for new directors and members of senior management and to produce written materials;

(2) the Nomination Committee may broadly seek for the candidates for the position of directors and members of senior management in the Company itself, controlling (investee) enterprises of the Company and the talent market, etc.;

(3) the Nomination Committee shall obtain information of the occupation, education background, job title, detailed work experience and all the part-time positions of the preliminary candidates for producing written materials;

(4) the Nomination Committee shall seek for the consent from the nominated candidates on the nomination; otherwise, such nominated candidates shall not be considered as candidates for directors and members of senior management;

(5) the Nomination Committee shall convene the meetings to review the qualifications of the preliminary candidates according to the job descriptions of directors and members of senior management;

(6) the Nomination Committee shall submit proposals and relevant materials to the Board of Directors in respect of candidates for directors and managers prior to the election of new directors and appointment of new managers;

(7) the Nomination Committee shall carry out other follow-up work based on decisions and feedback of the Board of Directors.

CHAPTER 4 RULES OF PROCEDURE

Article 16 The Nomination Committee should convene its meetings with notification being served to all members three days before the date of convening the meeting. The meetings are chaired by the chairperson, who, if unable to attend the meeting, may entrust another member (being an independent non-executive director) to preside over the meeting.

Article 17 The meetings of the Nomination Committee shall be held only in the presence of two-thirds or more of the members. Each member shall have one vote. Resolutions proposed at the meetings must be approved by more than half of all members of the Nomination Committee.

Article 18 The meetings of the Nomination Committee shall be convened by way of physical meetings or through communication tools. Any voting at physical meetings should be taken by a show of hands or by poll, while any voting through communication tools should be taken by poll.

Article 19 The Nomination Committee may, when necessary, invite directors and other members of senior management of the Company to attend the meetings.

Article 20 The Nomination Committee may engage an intermediary agency to provide independent professional advice on its decisions at the expense of the Company when necessary.

Article 21 The convening procedure, voting, and the resolutions approved at the meetings of the Nomination Committee must comply with the applicable laws, regulations, the Hong Kong Listing Rules, other provisions of the securities regulatory authority in Hong Kong, the Articles of Association and the Terms of Reference, unless such reporting is in conflict with the Nomination Committee's general responsibilities or cannot be made according to the laws, regulations or regulatory requirements (e.g. disclosure is restricted due to regulatory requirements).

Article 22 The Nomination Committee should keep the minutes of the meetings, and deliver the draft and final versions of the minutes to all members within a reasonable time after conclusion of such meetings with the draft version to be used for the expression of opinions by the members and the final version to be used as a record. The minutes of the meetings shall be signed by the members present at the meetings. The secretary of the Board of Directors of the Company shall act as the secretary of the Nomination Committee. In the absence of the secretary of the Board of Directors of the Company, his/her designated delegate(s) or any person appointed by the members present at the Nomination Committee meeting shall attend the Nomination Committee meeting and take minutes. The minutes of the meetings should be kept by the secretary of the Board of Directors of the Company. Upon receipt of a reasonable notice sent by any director, the Company shall provide such director with the minutes of meetings for review during any reasonable hours.

Article 23 The resolutions approved and the voting results reached at the meetings of the Nomination Committee shall be reported in written form to the Board of Directors of the Company.

Article 24 All members attending the meetings of the Nomination Committee are obliged to keep confidential the matters discussed at the meetings and shall not disclose relevant information without authorization.

CHAPTER 5 SUPPLEMENTARY PROVISIONS

Article 25 The interpretation of the Terms of Reference should be vested in the Board of Directors of the Company.

Article 26 Matters not covered herein shall be subject to relevant laws and regulations, the securities regulatory rules of the place where the shares of the Company are listed, including but not limited to the Hong Kong Listing Rules and other provisions of the securities regulatory authority in Hong Kong and the Articles of Association. If relevant provisions of the Terms of Reference conflict with relevant laws and regulations, the securities regulatory rules of the place where the shares of the Company are listed to be promulgated, and the amended Articles of Association according to legal procedure, such laws and regulations, the securities regulatory rules of the place where the shares of the Company are listed, and the provisions of the Articles of Association shall apply.

Article 27 The Terms of Reference shall come into effect from the date of being approved by the Board of Directors, and the same shall apply to any amendments.