



新疆天业节水灌溉股份有限公司

XINJIANG TIANYE WATER SAVING IRRIGATION SYSTEM COMPANY LIMITED*

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 840)

Terms of Reference and Procedure of the Nomination Committee (Adopted and passed on 20 July 2006 and revised on 23 March 2012)

DEFINITION

Company	Xinjiang Tianye Water Saving Irrigation System Company Limited
Board	the board of directors of the Company
Committee	the nomination committee under the Board of the Company
Director(s)	the director(s) of the Company
Independent Non-executive Director(s)	the independent non-executive director satisfies the independence requirement of the Listing Rules
Listing Rules	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Senior Management	the category of personnel deemed by the Listing Rules to be the senior management of the Company

PURPOSE FOR ESTABLISHING THE COMMITTEE

In order to facilitate the dealing with the issues relating to the nomination and composition of the Board and enhance the working efficiency of the Board, the Board established the Committee on 20 July 2006 in accordance with the Code of Corporate Governance Practices of Appendix 14 of the Listing Rules.

The composition and members of the Committee

1. The Committee was passed and established by the Board on 7 February 2006.
2. The members of the Committee shall be appointed by the Board with majority of them shall be Independent Non-executive Directors. The chairman of the Committee shall have an additional or a casting vote in the case of an equality of votes.
3. The Chairman of the Committee shall be appointed by the Board and shall be an Independent Non-executive Director.

4. The secretary of the Committee shall be the secretary, or the company secretary, of the Board.

DISCLOSURE OF INTERESTS

5. Every member of the Committee shall disclose to the Committee any personal financial interests in any matter resolved by the Committee, and any potential conflict of interest involving him as a result of such matters. Any member entitled to such interest or being involved in such potential conflict of interests shall abstain from the voting of the resolution of the Committee in respect of such interests or potential conflict of interest and avoid from involving in any discussion in respect of such resolutions. Resignation shall be submitted to the Committee if request is made from the Board.

TERMS OF REFERENCE

6. Reviews the structure, size and composition, including the skills, knowledge and experience, necessary for the Board regularly and make recommendations on any proposed changes to the Board.
7. Identifies individuals suitably qualified to be the Directors and select or recommend the persons to be the Director or advise the Board accordingly.
8. Assesses the independence of the Independent Non-executive Directors.
9. Make recommendations to the Board on the appointment or re-appointment of the Directors, and succession planning for the Directors, in particular the Chairman and the Chief Executive Officer.
10. Carry out other works required by the Board.

PROCEDURES

11. The Nomination Committee shall meet at least once a year. The duration of the meeting shall be determined as necessary and shall be convened and chaired by the chairman of the Committee. Notice shall be given to all members of the Committee five days before the meeting, unless all members of the Committee agree to waive the duration of the notice given, and the information of the intended meeting shall be provided, including but not limited to the purpose, time, venue, date, agenda and the relevant documents shall be stated.
12. The meeting could be convened with at least three members attending the meeting, and the majority of the members shall be the Independent Non-executive Directors. They may attend the meeting in person or by telephone conference or other communication equipment by means of which all persons participating in the meeting are capable of hearing each other.
13. The Committee may invite other Directors, community professionals, consultancy institutions or senior management of the Company to attend the meeting as required by the matters discussed.
14. The resolution of the Committee shall be passed by over 50% of votes.
15. The Committee shall report to the Board after every meeting.

AUTHORITY

16. The Committee shall be entitled to seek any information from any employee of the Company during the course of executing its duties.
17. The Committee shall be entitled to seek external legal opinions or other professional opinions in respect of any issues in its terms of reference, and the expenses will be borne by the Company

OTHERS

18. The Committee should provide to the Board the relevant information as necessary to assist the Board to report to the Shareholders of the Company for the corporate governance issues carried out by the Company pursuant to the Listing Rules or requirements of other regulatory authorities applicable to the Company.
19. The Committee should appoint at least one member of the Committee to attend the annual general meeting of the Company to answer the question raised by the shareholders of the Company relating to the nomination and other nomination policies of the Directors.
20. The minutes of the Committee should be prepared and kept by the secretary of the Committee. The secretary of the Committee should deliver within a reasonable period of time after the end of the meeting for which he is the secretary the draft and final version of such minutes to the members of the Committee with the draft version for the members' comment and the final version for their record.
21. The Committee should report to the Board all of its decisions or recommendations.

THE SUSTAINABLE APPLICATION OF THE MEMORANDUM OF THE COMPANY

22. For anything not prescribed by the above requirements but the requirements of the procedure of the Board's meeting is prescribed by the Memorandum of the Company, shall be applicable to the procedure of the Committee meeting.

THE RIGHTS OF THE BOARD

23. The terms of reference and procedures of the Committee may be amended, supplemented and abrogated anytime under the premises of observing the Memorandum of the Company and the Listing Rules, including the Code on Corporate Governance Practices of Appendix 14, provided that such amendment, supplement and abrogation shall not affect before any related action is made the effectiveness of the resolutions passed or the actions adopted by the Committee.

This document is prepared in Chinese. In case of discrepancy, the Chinese version shall prevail.

* *For identification purpose only*