

---

**WEICHAI POWER CO., LTD.****Terms of Reference of the Nomination Committee**

*(Approved by the 2006 Annual General Meeting held on 29<sup>th</sup> June 2007, amended by the 2011 Annual General Meeting held on 29<sup>th</sup> June 2012 and amended by the Company's 2018 Second Extraordinary General Meeting held on 3<sup>rd</sup> December 2018)*

**Chapter 1 General Provisions**

Article 1 With a view to standardising the appointment of Directors and Management Personnel of Weichai Power Co., Ltd. (the “Company”), optimising the composition of the Board of Directors and refining the corporate governance structure, the Company has set up a nomination committee of the Board and formulated these terms of reference (these “terms of reference”) in accordance with the “Company Law of the People’s Republic of China”, “Code of Corporate Governance for Listed Companies”, “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited”, the “Articles of Association of Weichai Power Co., Ltd.” and other relevant regulations.

Article 2 The Nomination Committee is a dedicated body established by the Board to be primarily responsible for selecting and making recommendations on the choice, selection criteria and procedures of the appointment of the Directors and Management Personnel of the Company.

The “Management Personnel” referred to in these terms of reference means the general manager, executive president, vice president, secretary to the Board, financial controller and other senior management personnel considered to be so by the Board.

**Chapter 2 Composition**

Article 3 The Nomination Committee shall consist of three to seven Directors, more than one-half of whom shall be independent Directors.

Article 4 Members of the Nomination Committee shall be nominated by the chairman of the Board, more than one-half of the independent Directors or one-third of all Directors and be elected by the Board.

Article 5 The Nomination Committee shall have a chairman (the convener) who is an independent Director and be responsible for chairing the Nomination Committee. The chairman shall be elected from among the members and shall report to the Board of Directors for approval.

Article 6 The term of office of the Nomination Committee shall be the same as the term of the Board. A member may be re-elected upon the expiration of his/her term of office. Any member who ceases to act as a Director of the Company during the term

shall lose his/her membership of the Nomination Committee automatically and the vacancy shall be filled by the committee as required under Articles 3 to 5 above.

Article 7 The Nomination Committee shall establish a nomination working unit which shall specifically be responsible for providing information on the persons to be nominated, preparing the meetings of the Nomination Committee and proposing nomination proposals. The working unit shall comprise the chairman of the Board and persons-in-charge from major departments including the human resources department. The chairman of the Board shall be the leader.

The working unit may engage external professionals for professional advice.

### **Chapter 3 Duties and Authorities**

Article 8 The main duties and authorities of the Nomination Committee include:

- (1) 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, having regard to the operating activities, asset scale and shareholding structure of the Company;
- (2) to devise an annual work summary at the end of each year and disclose the same according to the relevant regulations. Such annual work summary shall include:
  1. policies on nomination of Directors implemented during the year, including nomination procedures and the process and criteria adopted by the Nomination Committee during the year in respect of proposed Director candidates;
  2. policies or summary of policies on diversity of the Board, including any measurable goals for policy implementation and progress of achieving such goals;
- (3) to study the selection criteria and procedures for Directors and Management Personnel and make recommendations to the Board;
- (4) to select suitably qualified candidates from the proposals of the working unit for consideration as Directors, Management Personnel and other senior management officers who shall be appointed by the Board and to recommend such persons to the Board;
- (5) to ensure that the composition of the Board complies with the "Diversity Policy regarding Members of the Board of Directors" adopted by the Company, based on a number of factors including but not limited to gender, age, culture and educational background or professional experience;

- (6) to assess the independence of independent Directors. Disclosures shall be made in the relevant announcement(s) in accordance with the regulatory requirements upon the Nomination Committee recommending an independent Director candidate for approval by the Board and the shareholders at a general meeting. Such disclosures shall include:
1. procedures and reasons for the appointment of the independent Director and description of its independence;
  2. as a general principle, an independent Director may act as an independent Director for at most five publicly listed companies. Where the proposed independent Director will act as director for a sixth (or more) publicly listed company(ies), disclosure shall be made as to his or her commitment in terms of time and efforts and the reasons why the Nomination Committee considers that he or she can perform the duties as an independent Director;
  3. the independent Director may bring new viewpoints and perspectives, skills and experiences to the Board;
  4. how the independent Director will facilitate the diversity of the composition of the Board;
- (7) to make recommendations to the Board on directors' appointment or re-appointment and the succession planning for Directors (especially the chairman of the Board and the chief executive officer);
- (8) such other matters as authorised by the Board.

Article 9 The Nomination Committee shall be accountable to the Board. The Nomination Committee shall submit nomination proposals to the Board for consideration and decision. The controlling shareholders shall fully respect the recommendations made by the Nomination Committee in the absence of sufficient reasons or reliable evidence to do otherwise; and as such no substitute candidates for Directors or Management Personnel shall be proposed by the controlling shareholders.

If the working unit holds different opinions with the majority of the members from the Nomination Committee, it shall, at the same time, report such disagreement to the Board for consideration.

## Chapter 4 Procedures of Decision-making

Article 10 The Nomination Committee shall study the selection criteria, selection procedures and term of office of a Director and Management Personnel as required by the relevant laws and regulations and the Articles of Association and taking into account the actual condition of the Company and prepare resolutions to be filed and submitted to the Board for consideration and shall comply with and implement its resolutions.

Article 11 The selection procedures of Directors and Management Personnel are as follows:

- (1) The Nomination Committee shall actively communicate with the relevant departments and study the Company's need for any new Directors and Management Personnel and present such information in writing;
- (2) The nomination working unit shall search extensively for suitably qualified candidates for Directors and Management Personnel from within the internal departments of the Company, any entity in which the Company holds an interest (controlling or otherwise), and the human resources market; and to submit such selection lists to the Nomination Committee;
- (3) The Nomination Committee shall, before making decisions, gather information about the occupation, academic qualifications, positions, detailed work experience and all the concurrent posts, full-time or part-time, of the candidates and present such information in writing;
- (4) The Nomination Committee shall be responsible for seeking the nominee's consent to nomination; otherwise, the nominee cannot be a candidate for Director or Management Personnel;
- (5) The Nomination Committee shall look into the qualifications of the candidate proposed by the nomination working unit against the criteria for the offices of Directors and Management Personnel;
- (6) To make recommendations to the Board regarding the candidates for Directors and new Management Personnel and submit the relevant information to the Board one to two months prior to the election of new Directors and appointment of new Management Personnel;
- (7) Conduct other follow-up work according to the Board's decision and feedback.

Article 12 The requirements of the chairman of the Board are as follows:

A person shall only be nominated by the Nomination Committee to be the candidate for the chairman of the Board in accordance with the procedures as required in Article 11 of these terms of reference if:

1. he is familiar with the situation of the Company and has extensive experience in management within the industries to which the Company belongs;
2. he has more than five years of experience in holding office as the chairman of the Board or general manager in sizable corporations within the industry to which the Company belongs and has had outstanding performance;
3. he is familiar with the domestic and overseas capital markets with successful experience in overseas investment and financing;
4. he holds a senior position;
5. priority will be given to members of the existing Board.

Article 13 The requirements of employment of other Directors and Management Personnel shall be applicable to the conditions as required in other systems.

## **Chapter 5 Rules of Procedures**

Article 14 The Nomination Committee shall hold meetings from time to time. Two days' notice shall be given to all members before each meeting. The chairman of the Nomination Committee or, if he is absent, another member delegated by the chairman shall chair the meetings.

Article 15 Meetings of the Nomination Committee shall only be held where more than two-thirds of its members are present. Each member shall be entitled to one vote. Resolutions at any meeting shall be passed by a simple majority of votes of all the members. In the case of an equality of votes, the chairman shall be entitled to a casting vote.

Article 16 Votes shall be taken by a show of hands or on a poll at the meetings of the Nomination Committee. The voting at a provisional meeting may be done by way of voting correspondence.

Article 17 Directors, supervisors and other management officers of the Company may be invited to attend the meetings of the Nomination Committee if necessary.

Article 18 Intermediaries may be engaged by the Nomination Committee at the expense of the Company to give independent professional advice on its decision-making if considered necessary.

Article 19 The proceedings and voting methods of a meeting of the Nomination Committee and the resolutions passed at such meetings must comply with the requirements of the relevant laws, regulations, the Company's Articles of Association and these terms of reference.

Article 20 Minutes shall be taken on all meetings of the Nomination Committee. The minutes of meetings shall be signed by each attending member and kept by the secretary to the Board.

Article 21 Resolutions passed at a meeting of the Nomination Committee and the voting results thereon shall be reported to the Board in writing.

Article 22 All members present at a meeting are obliged to keep confidential all matters discussed at the meeting and shall not disclose such information without authorisation.

### **Chapter 6 Supplementary Provisions**

Article 23 These terms of reference shall not exclude the nomination of Directors and Management Personnel by the chairman of the Board, shareholders representing more than one-tenth of voting rights, more than one-third of the Directors or the supervisory committee in accordance with the provisions of the Company Law and the Company's Articles of Association.

Article 24 These terms of reference shall take effect from the date on which they are passed by the general meeting of shareholders.

Article 25 Any matter not regulated under these terms of reference shall be enforced under the requirements of the relevant laws and regulations of the State, the listing rules of the place where Company's shares are listed and the Company's Articles of Association. Where any of these terms of reference is inconsistent with the laws and regulations which are to be promulgated by the State in future, the new rules governing the listing of securities in the Company's respective domiciles of listing or the Articles of Association as legally modified, such terms of reference shall be enforced subject to the requirements of the relevant laws and regulations of the State, the rules governing the listing of securities in the Company's respective domiciles of listing and the Company's Articles of Association. In such case, relevant amendments shall be made to these terms of reference immediately and be submitted to the general meeting of shareholders for consideration and approval.

Article 26 These terms of reference shall be interpreted by the Board.

WEICHAI POWER CO., LTD.

3rd December 2018

(Important notice: This Terms of Reference is published in Chinese and English version.  
In case of inconsistency, the Chinese version shall prevail.)