

Pipeline Engineering Holdings Limited
管道工程控股有限公司
(the “Company”)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1865)

Nomination Committee’s terms of reference

The board of directors (the “**Board**”) of the Company has on 26 February 2019 resolved to establish a committee of the Board known as the Nomination Committee (the “**Nomination Committee**”), with effect from the listing date of the Company, a summary of its constitution and particular duties are set out below:-

1. Functions

The primary function of the Nomination Committee is to make recommendations to the Board to fill vacancies on the same.

2. Membership

- 2.1 The members of the Nomination Committee shall be appointed by the Board from amongst the directors of the Company and the Nomination Committee shall consist of not less than three members, the majority of which shall be independent non-executive directors.
- 2.2 The chairman of the Nomination Committee (the “**Chairman**”) shall be appointed by the Board. The Chairman must be the chairman of the Board or an independent non-executive director.
- 2.3 The Chairman, in consultation with the person responsible for human resources function and the secretary of the Nomination Committee, should be primarily responsible for drawing up and approving the agenda for each Nomination Committee meeting. The Chairman, with the assistance of the secretary, shall ensure that all members shall receive sufficient information in a timely manner to enable effective discussion at the Nomination Committee meeting. The Chairman shall, with the assistance of the person responsible for human resources function, brief all members on issues arising at each Nomination Committee meeting.

3. Secretary of Nomination Committee

The company secretary of the Company or his or her nominee shall be the secretary of the Nomination Committee.

4. Attendance at meetings

- 4.1 The Nomination Committee may invite any executive directors, member of senior management or other individual to attend meetings of the Nomination Committee as it considers appropriate but such executive directors, member of senior management or other individuals are not entitled to vote at the meetings.
- 4.2 A quorum shall be two members of the Nomination Committee. Other Board members, apart from the Nomination Committee members, have the right to attend any Nomination Committee meetings, though they shall not be counted in the quorum.
- 4.3 No director should be involved in and shall abstain from discussion in deciding the nomination of his associates.
- 4.4 Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be sent to each Member, and to any other person required to attend in relation to all regular meetings of the Nomination Committee, at least 14 days before the date of the meeting; and in relation to continued meetings held within 14 days, no prior notice is required.
- 4.5 Resolutions of the Nomination Committee shall be passed with a majority of votes.

5. Frequency of meetings

The Nomination Committee members may call any meetings at any time when necessary. Meetings of the Nomination Committee shall be held at least once a year.

6. Authority

- 6.1 The authority of the Nomination Committee is derived from the Board, therefore the Nomination Committee is obliged to report to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions in doing so.
- 6.2 The Nomination Committee is authorized by the Board to seek any necessary information which is within the Nomination Committee's scope of duties from the employees.

- 6.3 The Nomination Committee is authorised by the Board to make full use of intermediary agencies for identifying qualified director candidates at the Company's expense and to conduct interviews with prospective candidates for nomination.
- 6.4 The Company should provide the Nomination Committee sufficient resources to perform its duties. The Nomination Committee is authorized by the Board to obtain outside independent professional advice at the Company's expense, and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.

7. Duties

The duties of the Nomination Committee shall include, but shall not be limited to the following:

- 7.1 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;
- 7.2 to monitor the implementation of Board diversity policy (the "**Policy**"); to review the Policy, as appropriate, to ensure the effectiveness of the Policy; to discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval;
- 7.3 to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- 7.4 to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive;
- 7.5 to assess the independence of independent non-executive directors;
- 7.6 to develop and recommend to the Board measurable objectives for achieving diversity on the Board and monitor the progress on achieving those objectives;
- 7.7 to identify and nominate candidates to fill casual vacancies of the directors for the Board's approval;
- 7.8 to ensure that each director should be nominated by means of a separate resolution in meetings of the Board and/or the general meetings of the Company, as appropriate;

- 7.9 to do any such things to enable the Nomination Committee to perform its functions conferred on it by the Board;
- 7.10 where the Chairman or in the absence of the Chairman, another member of the Nomination Committee or failing this his duly appointed delegate, should be available to answer questions at the annual general meeting; and
- 7.11 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:
- a. the process used for identifying him/her and why the Board believes he/she should be elected and the reasons why it considers him/her to be independent;
 - b. if the proposed independent non-executive director will be holding their seventh (or more) listed company directorship, why the Board believes he/she would still be able to devote sufficient time to the Board;
 - c. the perspectives, skills and experience that he/she can bring to the Board; and
 - d. how he/she contributes to diversity of the Board.

8. Reporting responsibilities and procedures

- 8.1 The secretary of the Nomination Committee shall record minutes of all duly constituted meetings of the Nomination Committee. All minutes shall record in sufficient details the matters considered, decisions reached or recommendations made and any concerns raised by any member including dissenting views.
- 8.2 The secretary shall circulate the draft and final versions of the minutes of meetings and reports of the Nomination Committee to all members for comments and records within a reasonable time after each meeting, subject to any legal or regulatory restrictions restricting such circulation or the making of such reports.
- 8.3 After each meeting, the Nomination Committee shall report formally to the Board on all matters within its duties and responsibilities and any key decisions made, and shall table before the Board an index of meetings and issues discussed.
- 8.4 The Nomination Committee should make available these terms of reference explaining its role and the authority delegated to it by the Board by including them on the Stock Exchange's website and the Company's website.

9. Interpretation

Interpretation of these terms of reference shall belong to the Board.

“Senior management” refers to the same category of persons as referred to in the Company’s annual report. It is the responsibility of the directors of the Company to determine which individual or individuals constitute senior management. Senior management may include directors of subsidiaries, heads of divisions, departments or other operating units within the group as, in the opinion of the directors, is appropriate.