

TAI PING CARPETS INTERNATIONAL LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 146)



NOMINATION COMMITTEE - TERMS OF REFERENCE

The board (the “**Board**”) of directors (the “**Directors**”) of Tai Ping Carpets International Limited (the “**Company**”) has resolved to establish a Committee of the Board known as the Nomination Committee (“**Committee**”) on 31 March 2012.

1. MEMBERSHIP

- 1.1 The Committee should be established by the Board.
- 1.2 Members of the Committee (“**Members**”) shall be appointed by the Board and shall comprise a minimum of three members.
- 1.3 The majority of the Members shall be independent non-executive Directors.
- 1.4 The Committee shall be chaired by the Chairman of the Board or an independent non-executive Director.

2. MEETINGS

- 2.1 The Committee shall meet at least once a year. Additional meetings shall be held as the work of the Committee demands.
- 2.2 A quorum of the meeting shall be two Members.
- 2.3 Proceedings of the Committee’s meetings shall be governed by the Company’s Bye-laws.
- 2.4 A meeting of the Committee may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meetings to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.
- 2.5 The Company Secretary or his/her nominee shall act as the Committee’s Secretary. The Committee may, from time to time, appoint any other person with appropriate qualification and experience as secretary of the Committee.
- 2.6 Full minutes of the Committee’s meeting shall be kept by the secretary of the Committee, and such minutes shall be available for inspection at any reasonable time on reasonable notice by any Director.

2.7 Minutes of meetings of the Committee shall record in sufficient detail the matters considered by the Committee and decisions reached, including any concerns raised by the Members or dissenting views expressed. Draft and final versions of minutes of the meetings shall be sent to all Members for their comment and records respectively, within a reasonable time after the meetings being held.

3. ANNUAL GENERAL MEETING

3.1 The chairman of the Committee shall attend the Company's annual general meetings and be prepared to respond to any shareholder's questions on the Committee's activities.

3.2. If the Chairman of the Committee is unable to attend an Annual General Meeting of the Company, he shall arrange for another member of the Committee, or failing this, his duly appointed delegate, to attend in his place. Such person shall be prepared to respond to any shareholder questions on the Committee's activities.

4. DUTIES, POWER AND FUNCTION

4.1 The Committee shall be provided with sufficient resources to discharge its duties. Where necessary, the Committee may seek independent professional advice, at the Company's expense, to perform its responsibilities.

4.2 The duties of the Committee shall be to:

- (a) review the structure, size and composition (including the skills, knowledge, experience, diversity) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (b) develop the policy for the diversity of the Board ("**Board Diversity Policy**") and review such policy, in particular, the measurable objectives that the Board has set for implementing the Board Diversity Policy, and progress on achieving the objectives, and disclose the review results in the annual Corporate Governance Report;
- (c) develop and review, as appropriate, the policy for the nomination of Directors ("**Nomination Policy**") which shall set out, inter alia, the nomination procedures and the process and criteria adopted by the Committee to select and recommend candidates for directorship, and disclose the Nomination Policy in the annual Corporate Governance Report;
- (d) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorship;
- (e) make recommendations to the Board on appointment, re-appointment of Directors and succession planning for Directors, in particular the Chairman and the chief executive;
- (f) assess the independence of independent non-executive Directors, and review the independent non-executive Directors' annual confirmations on their independence; and

- (g) establish and make recommendation to the Board the mechanism(s) to ensure independent views and input are available to the Board and disclose such mechanism(s) in the annual Corporate Governance Report, and review the implementation and effectiveness of such mechanism(s) on an annual basis.

4.3 Where the Board proposes a resolution to elect an individual as an independent non-executive Director at the general meeting, the Committee shall 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 the individual and why the Board believes the individual should be elected and the reasons why it considers the individual 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 the individual would still be able to devote sufficient time to the Board;
- (c) the perspectives, skills and experience that the individual can bring to the Board; and
- (d) how the individual contributes to diversity of the Board.

4.4 The Committee shall report to the Board at the next Board meeting following a Committee's meeting or by circulation to the Board members of the minutes or resolution(s) of the decision made by the Committee unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements).

5. GENERAL

5.1 The terms of reference of the Committee shall be made available on the websites of the Stock Exchange and the Company.

5.2 In case of discrepancies or inconsistencies between the English and Chinese versions of these terms of reference, the English version shall prevail.