

KAISUN ENERGY GROUP LIMITED

**Terms of reference of
the Nomination and Corporate Governance Committee of the Board of Directors**

KAISUN ENERGY GROUP LIMITED

(“Company”)

**Terms of reference of the Nomination and Corporate Governance Committee
(the “Committee”)
of the Board of Directors (the “Board”) of the Company**

1. Constitution

1.1 The Committee is established pursuant to a resolution passed by the Board at its meeting held on 30 March 2012.

2. Membership

2.1 Members of the Committee shall be appointed by the Board from amongst the directors of the Company and shall consist of not less than three members and a majority of whom shall be independent non-executive directors.

2.2 The Chairman of the Committee shall be appointed by the Board and shall be an independent non-executive director.

2.3 The company secretary of the Company shall be the secretary of the Committee. In the absence of the secretary of the Committee, Committee members present at the meeting may elect among themselves or appoint another person as the secretary for that meeting.

2.4 The appointment of the members of the Committee may be revoked, or additional members may be appointed to the Committee by separate resolutions passed by the Board and by the Committee. An appointment of Committee member shall be automatically revoked if such member ceases to be a member of the Board.

3. Proceedings of the Committee

3.1 *Notice:*

(a) Unless otherwise agreed by all the Committee members, a meeting shall be called by at least three days’ notice. Irrespective of the length of notice being given, attendance of a Committee member at a meeting constitutes a waiver of such notice unless the Committee member attending the meeting attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the grounds that the meeting has not been properly convened.

- (b) A Committee member may and, on the request of a Committee member, the secretary to the Committee shall, at any time summon a Committee meeting. Notice shall be given to each Committee member in person orally or in writing or by telephone or by email or by facsimile transmission at the telephone or facsimile or address or email address from time to time notified to the secretary by such Committee member or in such other manner as the Committee members may from time to time determine.
 - (c) Notice of meeting shall state the time and place of the meeting and shall be accompanied by an agenda together with other documents which may be required to be considered by the members of the Committee for the purposes of the meeting.
- 3.2 **Quorum:** The quorum of the Committee meeting shall be two members of the Committee and a majority of which shall be the independent non-executive directors.
- 3.3 **Frequency:** Meetings shall be held at least once a year to review, formulate and consider the nomination procedures as regards the appointment, reappointment and removal of directors (the “**Directors**”) of the Company, their implementation during the year and to make recommendations to the Board on candidates for appointment as Directors.
- 4. Written resolutions**
- 4.1 Written resolutions may be passed by all Committee members in writing.
- 5. Alternate Committee members**
- 5.1 A Committee member may not appoint any alternate.
- 6. Authority of the Committee**
- 6.1 The Committee may exercise the following powers:
- (a) to seek any information it requires from any employee of the Company and its subsidiaries (together, the “**Group**”) and any professional advisers in order to perform its duties, to require any of them to prepare and submit reports and to attend Committee meetings and to supply information and address the questions raised by the Committee;
 - (b) to review the performance of the Directors and the independence of independent non-executive Directors in relation to their appointment or reappointment as Directors;
 - (c) to obtain, at the Company’s expenses, outside legal or other independent professional advice on or assistance to any matters within these terms of reference, including the advice of independent human resource consultancy firm or other independent professionals, and to secure the attendance of outsiders with relevant experience and expertise at its meetings if it considers this necessary. The Committee shall have full authority to commission any search (including without limitation litigation, bankruptcy and credit searches), report, survey or open recruitment which it deems necessary to help it fulfill its duties and should be provided with sufficient resources to discharge its duties;
 - (d) to review annually these terms of reference and their effectiveness in the discharge of its duties and to make recommendation to the Board any changes it considers necessary; and
 - (e) to exercise such powers as the Committee may consider necessary and expedient so that their duties under section 7 below can be properly discharged.

6.2 The Company should provide the Committee sufficient resources to perform its duties. Where necessary, the Committee should seek independent professional advice, at the Company's expense, to perform its responsibilities.

7. Duties

7.1 The duties of the Committee shall be:

- (a) 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;
- (b) to identify individuals suitably qualified to become members of the Board and select or make recommendations to the board on the selection of individuals nominated for directorships;
- (c) to assess the independence of the independent non-executive Directors;
- (d) to make recommendations to the Board on:
 - (i) the appointment or re-appointment of Directors; and
 - (ii) succession planning for Directors in particular the chairman and the chief executive ;
- (e) to develop and review the Group's policies and practices on corporate governance and to make recommendations to the Board;
- (f) to review and monitor the Group's policies and practices on compliance with any requirement, direction and regulation that may be prescribed by the Board or contained in any constitutional documents of the Group or imposed by the GEM Listing Rules, the Applicable Laws and other applicable organizational governance standards;
- (g) to review and monitor the training and continuous professional development of directors and senior management of the Group;
- (h) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Group;
- (i) to review the Group's compliance with the corporate governance code from time to time adopted by the Group and the disclosure in the corporate governance report to be contained in the Company's annual reports;
- (j) the continuation (or not) in service of any independent non-executive Director serving more than nine years and to provide recommendation to the shareholders of the Company as to how to vote in the resolution approving the re-election of such independent non-executive Director;

8. Minutes and records

- 8.1 The secretary shall, at the beginning of each meeting, ascertain and record the existence of any conflicts of interest and minute them accordingly. The relevant member of the Committee shall not be counted towards the quorum and he must abstain from voting on any resolution of the Committee in which he or any of his associates has a material interest, unless the exceptions set out in note 5 to Appendix 3 of the GEM Listing Rules apply.
- 8.2 Full minutes of Committee meetings shall be kept by a duly appointed secretary of the meeting (who should normally be the company secretary).
- 8.3 The secretary of the Committee shall circulate the draft and final versions of minutes of the meeting of the Committee or, as the case may be, written resolutions of the Committee to all members of the Committee for their comment and records respectively within a reasonable time after the meeting or before the passing of the written resolutions.
- 8.4 The secretary of the Committee shall keep record of all meetings of the Committee held during each financial year of the Company and records of individual attendance of members of the Committee, on a named basis, at meetings held during that financial year.

9. Annual general meeting

- 9.1 The chairman of the Committee or in his absence, another member of the Committee or failing this, his duly appointed delegate, shall attend the annual general meeting of the Company and be prepared to answer questions at the annual general meeting on the Committee's activities and their responsibilities.

10. Continuing application of the articles of association of the Company

- 10.1 The articles of association of the Company regulating the meetings and proceedings of the Directors so far as the same are applicable and are not replaced by the provisions in these terms of reference shall apply to the meetings and proceedings of the Committee.

11. Powers of the Board

- 11.1 The Board may, subject to compliance with the articles of association of the Company and the GEM Listing Rules (including the Corporate Governance Code set out in Appendix 15 to the GEM Listing Rules or if adopted by the Company, the Company's own code of corporate governance practices), amend, supplement and revoke these terms of reference and any resolution passed by the Committee provided that no amendments to and revocation of these terms of reference and the resolutions passed by the Committee shall invalidate any prior act and resolution of the Committee which would have been valid if such terms of reference or resolution had not been amended or revoked.

12. Publication of the terms of reference of the Committee

The Committee should make available its terms of reference, explaining its role and the authority delegated to it by the Board by including them on the website of the Company and on the website of the Exchange.