

HANS ENERGY COMPANY LIMITED

NOMINATION COMMITTEE - TERMS OF REFERENCE

1. GENERAL

1.1 Introduction

The Board of Directors hereby establishes a Nomination Committee.

1.2 Organization

These Terms of Reference govern the operations of the Nomination Committee.

1.3 Membership

The Committee will consist of members of the Board appointed by the Board and will comprise at least three directors. The majority of members of the Committee must be independent non-executive directors. .

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

1.4 Operations

The Committee will meet as and when required during the year, but no less than once every year. Meetings may be called for as the Committee or its Chairman determine.

The quorum of every Committee meeting must not be less than two-third of the number of Committee members. The majority of the quorum must be independent non-executive directors.

The Secretary of the Company will be the Secretary of the Committee, who will keep minutes of all of its proceedings. Committee members will be provided with copies of the minutes at each meeting. Any action taken requires unanimous consent; in absence of such unanimity, the disputed matter will be referred to the full Board for determination.

The Committee shall report to the Board.

2. PURPOSE

Shareholders of the Company have the ultimate responsibility to determine who should represent them on the Board. However, it is recognized that the Board has an important role in assisting this process. The Board is also responsible for reviewing the performance of the Board and that of directors. The Nomination Committee assists the Board in this role.

3. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Nomination Committee are:

- 3.1 To review the structure, size and composition (including the skills, knowledge and experience) of the Board on at least annually and make recommendations on any proposed changes to the Board;
- 3.2 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;
- 3.3 To assess the independence of independent non-executive directors;
- 3.4 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;
- 3.5 To conduct appropriate inquiries into the backgrounds and qualifications of the director nominees. The Committee will advise as to each proposed nominee's appropriateness for service on the Board;
- 3.6 To assist in the evaluation of the performance of each director with reference to the effectiveness of the Board before recommending to the Board his or her nomination for an additional term as director;
- 3.7 To review, at the request of the Board, the composition of each committee and to present recommendations for committee memberships to the Board;
- 3.8 To gather and review information for its annual evaluation of the Chief Executive Officer, to be presented by the Committee to the Board for its discussion and review;
- 3.9 To consider issues involving possible conflicts of interest of directors and provide recommendations to the Board;

- 3.10 To review and discuss with the Board and senior executives, management's plans for professional development and corporate succession plans;
- 3.11 To periodically review and reassess the adequacy of these Terms of Reference and to recommend any proposed changes to the Board for approval; and
- 3.12 To take up any other duties and responsibilities referred by the Board.

4. COMMITTEE PERFORMANCE

The Board will from time to time evaluate the performance of the Nomination Committee to determine whether it is functioning effectively by reference to current best practice.

5. AUTHORITY

The Nomination Committee shall be provided with sufficient resources to perform its duties; and including resources for seeking independent professional advice.

Revised and effective on 27 March 2012

The Chinese version of this document is for reference only.

In case of any discrepancies or inconsistency between the English version and Chinese version, the English version prevails.