



KUNLUN ENERGY COMPANY LIMITED
(incorporated in Bermuda with limited liability)
昆 侖 能 源 有 限 公 司

(Stock Code: 00135)

Nomination Committee
Terms of Reference

*(with effect from 29 March 2012 according to Board
Resolution dated 29 March 2012)*

1. Constitution

Pursuant to the resolutions passed on 16 January 2012 by the Board of Directors of the Company (the "Board"), a Nomination Committee (the "Committee") was established. The Board has adopted this set of terms of reference of the Committee by a resolution passed on 29 March 2012.

2. Membership

- 2.1 The members of the Committee shall be appointed by the Board from amongst Non-executive Directors of the Company and a majority of the members of the Committee must be Independent Non-executive Directors. A.5.1
- 2.2 Chairman of the Committee shall be appointed by the Board and the Committee shall be chaired by the Chairman of the Board or an Independent Non-executive Director. A.5.1
- 2.3 The Committee shall consist of not less than two members. The quorum of the Committee shall be any two members of the Committee one of whom must be an Independent Non-executive Director.
- 2.4 The Company Secretary of the Company shall be the secretary of the Committee.

3. Attendance of Meetings

- 3.1 Unless otherwise stated herein, the meetings are governed by the provisions contained in the Company's Bye-Laws for regulating the meetings and proceedings of Directors.
- 3.2 All Committee members are expected to attend each meeting, in person or via telephone conference, video conference or similar communication equipment by means of which all persons participating in the meeting are capable of hearing each other.
- 3.3 At the invitation of the Committee, other members of the Board and/or Managing Director, external advisers and other persons may be invited to attend all or part of any meeting.

- 3.4 Only members of the Committee are entitled to vote at the meetings.
- 3.5 Resolutions of the Committee at any meetings shall be passed by a majority of votes of the members present.
- 3.6 A resolution in writing signed by all the members of the Committee shall be as valid and effectual as if it had been passed at a meeting of the Committee duly convened and held.
- 3.7 Meeting agendas will be prepared and provided in advance to members of the Committee, along with appropriate briefing materials. Minutes of each meeting shall be prepared and kept by the secretary of the Committee. Draft and final versions of minutes shall be circulated to all members for their comments and records respectively, in both cases within a reasonable period of time after the meeting. Such minutes shall be open for Directors' inspection at any reasonable time on reasonable notice by any Director. A.1.4
A.1.5

4. *Frequency of the Meetings*

Meetings shall be held at least once a year and such other times as the Chairman of the Committee shall require or at the request of two members of the Committee.

5. *Authority*

- 5.1 The members of the Committee shall have access to the advice and services of the Company Secretary of the Company who is responsible to the Committee for ensuring that Committee procedures, and all applicable rules and regulations, are followed.
- 5.2 The Committee is authorised by the Board, upon reasonable request to the Chairman of the Committee and the Chairman of the Company, to seek independent professional advice at the Company's expense to assist them to discharge their duties to the Company. A.5.4
- 5.3 The Committee shall be provided with sufficient resources to perform its duties. A.5.4

6. *Responsibilities, Powers and Functions*

The Committee shall have the following responsibilities:

- 6.1 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; A5.2(a)
- 6.2 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; A.5.2(b)
- 6.3 to assess the independence of Independent Non-executive Directors; A.5.2(c)

A.5.2(d)

- 6.4 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 Executives;
- 6.5 to regularly review the time required from a Director to perform his responsibilities; and A.6.6
- 6.6 to do such other things to enable the Committee to discharge its powers and functions conferred to it by the Board.

In performing its duties, due regards should be given to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the associated guidance.

7. *Annual General Meeting*

The Chairman of the Committee or another member of the Committee shall attend the Company's Annual General Meeting and be prepared to respond to shareholders' questions on the Committee's activities and their responsibilities. E.1.2

8. *Reporting Responsibilities*

The Committee shall report to the Board on a regular basis. D.2.2

9. *Incorporation of Amendments to the Listing Rules*

- 9.1 These terms of reference have been prepared based on the Corporate Governance Code (the "Code") in Appendix 14 to the Listing Rules which will come into effect on 1 April 2012.
- 9.2 To the extent that there are any relevant amendments to the Code or the Listing Rules after the date of adoption of these terms of reference which the Company is expected to comply with (the "Relevant Amendments"), the Company will make corresponding changes to these terms of reference as soon as practicable to incorporate the Relevant Amendments. Pending such change, the Relevant Amendments shall be deemed to have been incorporated into these terms of reference from the date on which they come into effect.
- 9.3 To the extent that there are any relevant amendments to the Code or the Listing Rules after the date of adoption of these terms of reference which are for Company's guidance only, such amendments shall only be incorporated into these terms of reference after they have been duly adopted by the Board.

Remark: The definition of "Chief Executive" is set out in the Listing Rules and means "a person who either alone or together with one or more other persons is or will be responsible under the immediate authority of the board of directors for the conduct of the business of a listed issuer".

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