

**KAISUN HOLDINGS LIMITED**

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

# **KAISUN HOLDINGS LIMITED**

**(“Company”)**

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

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### **1. Constitution**

- 1.1 The Committee is established pursuant to a resolution passed by the Board at its meeting held on 26 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 Committee shall also keep the effectiveness of the corporate governance and system of internal non-financial controls of the Group. The Committee shall introduce and propose relevant principles concerning corporate governance and to review and determine the corporate governance policy, so as to enhance and to ensure a high standard of corporate governance practices in the Group.

7.2 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 role, responsibilities, capabilities, skills, knowledge and experience required from members of the Board;
  - (ii) the policy on the terms of employment of non-executive Directors;
  - (iii) the composition of the audit committee, remuneration committee and other board committees of the Company;
  - (iv) proposed changes to the structure, size and composition of the Board;
  - (v) candidates suitably qualified to become members of the Board;
  - (vi) the selection of individuals nominated for directorship;
  - (vii) the re-election by shareholders of the Company of any Directors who are to retire by rotation having regard to their performance and ability to continue to contribute to the Board;

- (viii) 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;
  - (ix) the appointment or re-appointment of Directors; and
  - (x) succession planning for Directors in particular the chairman and the chief executive ;
- (e) to give full consideration to the following in the discharge of its duties as mentioned above or elsewhere in these terms of reference:
- (i) succession planning of Directors;
  - (ii) leadership needs of the Group with a view of maintaining or fostering the competitive edge of the Group over others;
  - (iii) changes in market environment and commercial needs of the market in which the Group operates;
  - (iv) the skills and expertise required from members of the Board; and
  - (v) the relevant requirements of the GEM Listing Rules with regard to directors of a listed issuer;
- (f) in respect of any proposed service contracts to be entered into by any members of the Group with its director or proposed director, which require the prior approval of the shareholders of the Company at general meeting under rule 17.90 of the GEM Listing Rules, to review and provide recommendations to the shareholders of the Company (other than shareholders who are directors with a material interest in the relevant service contracts and their respective associates) as to whether the terms of the service contracts are fair and reasonable and whether such service contracts are in the interests of the Company and the shareholders as a whole, and to advise shareholders on how to vote;
- (g) to ensure that on appointment to the Board, non-executive Directors receive a formal letter of appointment setting out what is expected of them in terms of time commitment, committee service and involvement outside meetings of the Board;
- (h) to conduct exit interviews with any Director upon their resignation in order to ascertain the reasons for his departure; and
- (i) to develop and review the Group's policies and practices on corporate governance and to make recommendations to the Board;
- (j) to review and approve the annual corporate governance report and related disclosures in the annual and interim reports of the Group and ensuring compliance with relevant requirements under the GEM Listing Rules or the rules of any other stock exchange in respect of which the securities of the Company are listed or quoted, or other laws, regulations, rules and codes as may be applicable to the Group (the “**Applicable Laws**”);

- (k) to make sure that appropriate monitoring systems are in place to ensure compliance against the relevant internal controls systems, processes and policies, and in particular to monitor the implementation of the Group's plans to maintain high compliance with its own risk management standards.
- (l) to monitor each of the Audit Committee and the Remuneration Committee has duly discharged their respective duties and obligations in accordance with their respective terms of reference, the GEM Listing Rules and any Applicable Laws;
- (m) to monitor proper segregation of duties between the Chairman and the Chief Executive Officer of the Group (if the appointees for the time being are different persons);
- (n) to develop and formalise the functions reserved to the Board and those to be delegated by the Board to the management of the Group, and to review those arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group;
- (o) to review and monitor the Group's process of disclosure, including assessing and verifying the accuracy and materiality of price-sensitive information and determine the form and content of any required disclosure;
- (p) to review and monitor the Group's communication policy with its shareholders to ensure a high degree of transparency and that the shareholders are informed of relevant information on a regular basis thus allowing them to evaluate the Group's performance and prospects;
- (q) 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;
- (r) to review and monitor the training and continuous professional development of directors and senior management of the Group;
- (s) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Group;
- (t) 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;
- (u) to review from time to time as appropriate these terms of reference and the effectiveness of the Committee and recommend to the Board any necessary changes;
- (v) to do any such things to enable the Committee to discharge its duties conferred on it by the Board from time to time;
- (w) to consider other matters, as defined or assigned by the Board from time to time.
- (x) to report to the Board on the matters set out above.

## **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.

26 March 2012