



CHINA GROUND SOURCE ENERGY LIMITED

中國地能有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8128)

NOMINATION COMMITTEE - TERMS OF REFERENCE

1. Membership

- 1.1 The Nomination Committee shall be appointed by the board of directors of the Company (the “Board”) and shall be made up of at least three members.
- 1.2 The majority of the members of the Nomination Committee shall be independent non-executive Directors.
- 1.3 The Chairman of the Board shall act as the Chairman of the Nomination Committee.

2. Secretary

- 2.1 The Company Secretary shall be the secretary of the Nomination Committee.

3. Meetings

- 3.1 The Nomination Committee shall meet at least once a year.
- 3.2 Notice of any meetings has to be given at least 14 days prior to any such meeting being held, unless all Members unanimously waive such notice. Irrespective of the length of notice being given, attendance of a meeting by a Member shall be deemed waiver of the requisite length of notice by the Member. Notice of any adjourned meetings is not required if adjournment is for less than 14 days.
- 3.3 The quorum of the Nomination Committee shall be any two Members.

- 3.4 Meetings could be held in person, by telephone or by video conference. Members may participate in a meeting by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting are capable of hearing each other.
- 3.5 Resolutions of the Nomination 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 Nomination Committee shall be as valid and effectual as if it had been passed at a meeting of the Nomination Committee duly convened and held.
- 3.7 Minutes shall be kept by the secretary of the Nomination Committee. Draft and final versions of minutes shall be circulated to all Members for their comment and records within a reasonable period of time after the meeting. Such minutes shall be open for Directors' inspection.

4. Attendance at Meetings

- 4.1 At the invitation of the Nomination Committee, the Chief Executive Officer, the external advisers and other persons may be invited to attend all or part of any meetings.
- 4.2 Only Members of the Nomination Committee are entitled to vote at the meetings.

5. Annual General Meeting

- 5.1 The Chairman of the Nomination Committee or another Member of the Nomination Committee shall attend the Company's Annual General Meeting and be prepared to respond to shareholders' questions on the Nomination Committee's activities and their responsibilities.

6. Responsibility, Powers and Discretion

The Nomination Committee shall have the following responsibilities, powers and discretion:

- 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;
- 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;
- 6.3 to assess the independence of independent non-executive directors;
- 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 executive officer; and
- 6.5 Where the Board proposes a resolution to elect an individual as an independent non-executive Director at a general meeting, the Nomination Committee shall set out in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe he/she should be elected and the reason why they consider him/her to be independent.

7. Reporting Responsibilities

- 7.1 The Nomination Committee shall report to the Board after each meeting.

8. Authority

- 8.1 The Nomination Committee is authorised by the Board where necessary to have access to professional advice.

Note: Arrangement to seek professional advice could be made through Company Secretary.

- 8.2 The Nomination Committee shall be provided with sufficient resources to discharge its duties.