

**TOWNGAS CHINA COMPANY LIMITED**  
**(the “Company”)**

TERMS OF REFERENCE OF NOMINATION COMMITTEE  
(the “Committee”)

**Membership**

1. The Committee shall consist of not less than three members, appointed by the Board, with the majority of the members being independent non-executive directors of the Company.
2. The chairman of the Committee shall be appointed by the Board and shall be either an independent non-executive director or the chairman of the Board.
3. The term of membership will be one year from the date of appointment subject to renewal and shall be governed by the provisions of the articles of association of the Company (as amended from time to time).
4. Subject to paragraph 1 above, the appointment of the members of the Committee may be revoked and new members can be appointed in place by resolutions passed by the Board and by the Committee respectively.
5. No alternate member of any member of the Committee can be appointed.
6. The company secretary of the Company shall be the secretary of the Committee.

**Frequency and proceedings of meetings**

7. The Committee shall meet before the holding of the annual general meeting of the Company where the appointment of directors of the Company (the “Directors” and each a “Director”) will be considered. Additional meetings should be held as and when the work of the Committee demands.
8. The Chairman of the Committee may convene additional meetings at his discretion.
9. The quorum of a meeting of the Committee shall be any two of its members of whom at least one is an independent non-executive Director.
10. Proceedings of meetings of the Committee shall be governed by the provisions of the articles of association of the Company (as amended from time to time).

**Duties, powers and functions**

11. The Committee shall –
  - (a) formulate nomination policy in compliance with the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) including but not limited to the following for consideration of the Board and implement the nomination policy laid down by the Board;
    - (i) all Directors shall be subject to re-election at regular intervals as required under the articles of association of the Company (as amended from time to time);

- (ii) the Company must comply with the disclosure requirements in relation to the appointment, resignation or removal of directors under the Listing Rules;
  - (iii) non-executive Directors should be appointed for a specific term, subject to re-election and the Company must disclose the term of appointment of non-executive Directors in the corporate governance report pursuant to the Listing Rules;
  - (iv) all Directors appointed to fill a casual vacancy should be subject to election by shareholders of the Company at the first general meeting after their appointment; and every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years; and
- (b) without prejudice to the generality of the foregoing:
- (i) consider the selection criteria of Directors and develop procedures for the sourcing and selection of members of the Board to be elected by shareholders of the Company;
  - (ii) identify and nominate candidates to the Board for it to make recommendations to shareholders of the Company on the appointment or re-appointment of Directors, ensure that sufficient biographical details of nominated candidates shall be provided to the Board and shareholders of the Company to enable them to make an informed decision;
  - (iii) identify and nominate suitably qualified candidates to become Board members and to fill causal vacancies of Directors for the Board's approval and select or make recommendations to the Board on the selection of individuals nominated for directorship;
  - (iv) review the structure, size and composition (including the skills, knowledge, experience and length of service) of the Board at least annually; and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
  - (v) assess the independence of independent non-executive Directors and review the independent non-executive Directors' annual confirmations on their independence; and make disclosure of its review results in the Corporate Governance Report ;
  - (vi) regularly review the time required from a Director to perform his/her responsibilities;
  - (vii) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman of the Board and the chief executive;
  - (viii) do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board;

- (ix) conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the articles of association of the Company (as amended from time to time) or imposed by law or in accordance with the Listing Rules; and
  - (x) make available these terms of reference explaining the role of the Committee and the authority delegated to it by the Board by including them in The Stock Exchange of Hong Kong Limited's website and the Company's website.
12. The Company should provide the Committee with sufficient resources to perform its duties. Where necessary, the Committee should seek independent professional advice, at the Company's expense, to perform its responsibilities.

### **Reporting Procedures**

13. The Committee should report to the Board on a regular basis on its decisions or recommendations and on the matters set out in these terms of reference.
14. Full minutes of the meetings of the Committee shall be kept by the secretary of the Committee, who shall send draft and final versions of minutes of meetings and all written resolutions of the Committee to all members of the Committee for their comments and records respectively, in both cases within a reasonable time after the meeting.
15. At the next meeting of the Board following a meeting of the Committee, the chairman of the Committee shall report to the Board on the findings and recommendations of the Committee since the last meeting of the Board. At least once annually, the Committee should present a report in writing to the Board which addresses the work and findings of the Committee during the year.

March 2012

*Note: If there is any inconsistency between the English and Chinese versions of this document, the English version shall prevail.*