

**South Sea Petroleum Holdings Limited**  
**Terms of Reference: Remuneration Committee**  
(Amended and adopted by a board resolution passed on 15 March 2012)

1. Constitution

The Remuneration Committee (the “Committee”) was established pursuant to a resolution passed by the board of directors (“Board”) of the Company at its meeting held on 30 August 2005.

2. Membership

- 2.1 Remuneration Committee shall be made up of at least three members, the majority of whom are independent non-executive directors.
- 2.2 The Committee members shall be appointed by the board of directors (the “Board”) from time to time.
- 2.3 The Committee chairman who must be an independent non-executive director shall be appointed by the Board.

3. Secretary

The company secretary shall act as the secretary of the Committee.

4. Quorum

- 4.1 The quorum necessary for the transaction of business shall be two.
- 4.2 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

5. Meetings

- 5.1 The Committee shall meet at least once a year and at such other times as the chairman of the Committee shall require.
- 5.2 In the absence of the Committee Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 5.3 Only members of the Committee have the right to attend Committee meetings. Other individuals may be invited to attend any meetings as and when appropriate.

6. Notice of Meetings

Unless otherwise agreed, a 7-day notice should be served to all the Committee members.

7. Minutes of Meetings

Written resolutions signed by the majority of the Committee members shall be valid and effectual as a minute duly passed in a Committee meeting.

8. Duties

The Committee shall:

- 8.1 make recommendations to the Board on the remuneration packages of individual executive directors and senior management;
- 8.2 make recommendations to the Board on the remuneration of non-executive directors;
- 8.3 review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- 8.4 ensure that no director or any of his associates is involved in reviewing his own remuneration;
- 8.5 consult the chairman of the Board and/or the chief executive officer of the Company about their remuneration proposals for other executive directors;
- 8.6 have access to independent professional advice if necessary;
- 8.7 be provided with sufficient resources to perform its duties;
- 8.8 conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the articles or imposed by legislation.

9. Reporting Responsibilities

The Committee chairman shall report formally to the board on its proceedings after each meeting on all matters within its duties and responsibilities. The Committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed.