

CHINA DONGXIANG (GROUP) CO., LTD.

中國動向（集團）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3818)

Executive Committee Terms of Reference

Adopted by the Board on 17 December 2007

Revised and approved by the Board on 9 January 2009

Revised and approved by the Board on 25 August 2010 secondly

Revised and approved by the Board on 15 September 2010 thirdly

Revised and approved by the Board on 23 November 2010 fourthly

Revised and approved by the Board on 23 September 2011 fifthly

Revised and approved by the Board on 21 October 2011 sixthly

1 Constitution

The board of directors of the Company (the “**Board**”) hereby constitutes and establishes an executive committee (the “**Executive Committee**”) with authority, responsibility, and specific duties as described in this Executive Committee Terms of Reference (the “**Terms of Reference**”).

2 Membership

- 2.1 Members of the Executive Committee shall be appointed by the Board. Any person shall automatically become the member of the Executive Committee, with no need to obtain individual approval by the Board, immediately upon the date on which such person hold any office of the six senior executives within the Company, i.e. the chairman of the Board, the chief executive officer, the chief financial officer, the vice-president, the president of Phenix Co., Ltd. and executive director. Provided that a member of the Executive Committee no longer serves the duties as any post aforesaid, his committee membership shall automatically lapse upon cessation of service with the Company. The Executive Committee should submit notice to the Board regarding any appointment or resignation of any members within its above-mentioned posts in due course. Under extraordinary circumstances, any nominees for the Executive Committee other than the aforesaid six senior executives shall be approved by the Board individually. At least three (3) members shall form a quorum for meetings of the Executive Committee (the “**Meeting**”);
- 2.2 The chairman of the Executive Committee (the “**Chairman**”) shall be an executive director and the members of the Executive Committee shall appoint its Chairman. In the absence of the Chairman, the remaining members of the Executive Committee shall elect one of their members to chair the Meeting.

- 2.3 If a member of the Executive Committee is unable to act due to absence, illness or other cause, the Board shall appoint another member of the senior management of the Company to serve as a member of the Executive Committee.
- 2.4 Each member of the Executive Committee shall disclose in detail to the Executive Committee any direct or indirect interest (other than as a shareholder of the Company) he/she or his/her associates has in any matter to be considered in the Meeting and the Executive Committee shall determine whether such interest is material.
- 2.5 Any member who is materially interested in any matter to be considered in the Meeting as set out in paragraph 2.4 above shall not be counted in the quorum present at the Meeting and shall abstain from voting on the resolutions of the Executive Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions. Where any member of the Executive Committee is so materially interested and where any such matter if materialize will constitute a connected transaction for the Company, such matter shall be put forward to the Board for consideration and decision.

3 Secretary

- 3.1 The manager of legal department of the Company (the "Manager of legal department") shall be the secretary of the Executive Committee. The manager of legal department shall attend to all administrative matters in relation to the Executive Committee including the arrangement of Meetings, the agenda and minutes of the Meeting, and any associated documents.

4 Authority

The Executive Committee is authorised by the Board to investigate any activity within this Terms of Reference. It is authorised to seek any information it requires from any employee of the Company, and all employees will be directed to co-operate with any request made by the Executive Committee. The Executive Committee is authorised by the Board to consult the chairman or the chief executive officer of the Company and have access to professional advice at the Company's expense if considered necessary. The Executive Committee shall be provided with sufficient resources to discharge its duties.

5 Duties

- 5.1 The Board delegates the following management functions to the Executive Committee:
- 5.1.1 to prepare and approve the specific operation plan, financial forecast and budget of each subsidiary of the Company in accordance to those of the Company as approved by the Board;

- 5.1.2 to monitor and oversee the implementation of the budget as approved by the Board, and to make reasonable and appropriate adjustment to the budget within a range of 10% according to the specific operation needs, but the Executive Committee shall report to the Board of such adjustment at the next meeting of the Board thereafter;
- 5.1.3 to monitor and oversee the financial and operational performance of the Company and its subsidiaries;
- 5.1.4 to ascertain the business plan and company strategies as approved by the Board and develop specific implementation plan;
- 5.1.5 to appoint or remove senior management of the Company or any of its subsidiaries other than chief executive officer, chief financial officer and internal audit and control director of the Company, and to recommend the appointment of chief executive officer, chief financial officer and internal audit and control director of the Company;
- 5.1.6 to establish and dissolve any wholly-owned subsidiary, branch of the subsidiary or associated company or representative office of the Company;
- 5.1.7 to consider and approve any execution of contracts or other financial commitment of the Company or its subsidiaries in the amount of not more than RMB60 million; and if the aggregate sum of external financial commitments of the Company and its subsidiaries exceeds RMB150 million, the Executive Committee shall submit such financial commitments to the Board for approval;

To consider and approve any lending, guarantee, mortgage or pledge given by the Company to its subsidiaries or between subsidiaries;

To consider and approve any guarantee of not more than RMB 60 million given by the Company or any of its subsidiaries in any single transaction for such third parties or non-subsidiary companies that are related to the business of the Company; and if the aggregate sum of external guarantee commitments of the Company and its subsidiaries exceeds RMB150 million, the Executive Committee shall submit such external guarantee commitments to the Board for approval; and

- 5.1.8 to consider and approve any investments that are non-core businesses/activities, subject to full compliance with all relevant government and listing rules and regulations, with the amount of total non-core investments (on an aggregated basis), should not be more than 25% of the net cash position (i.e. total of cash, bank deposit and treasury products after deducting bank borrowings) of the Company as of the date of entering into a non-core investment, principal/capital investment is guaranteed by a reputable party. Opinion or advice from external lawyer is required. However, it must be reported to and obtain approval from the Board if an announcement regarding the investment is required;
- 5.1.9 to consider and approve salaries, bonuses and remuneration packages for employees

of the Company (other than the directors, chief executive officer and chief financial officer of the Company); and

5.1.10 to consider the agenda of each the Board meeting;

5.2 other responsibilities as authorised by the Board from time to time.

5.3 The Executive Committee may re-delegate its power of authority within the Company. The formal documents issued within the Company shall be taken as such re-delegation, which shall be valid and with the same effect as the re-delegation documents signed by the Executive Committee itself, unless beyond the duty of the Executive Committee.

5.4 The Executive Committee shall keep the Board fully informed of its actions; in particular, it must report to and obtain approval from the Board before making decisions or entering into any commitment on behalf of the Company or any of its subsidiaries in the following circumstances:

5.4.1 approval of the operating plan, financial forecast and budget of the Company;

5.4.2 approval of the business plan and company strategies for the Company;

5.4.3 appointment or removal of chief executive officer, chief financial officer and internal audit and control director of the Company;

5.4.4 approval for the establishment and dissolution of any non-wholly owned subsidiary or associated company of the Company; and

5.4.5 approval for expenditures and other financial commitments that are above the authorities delegated to the Executive Committee.

5.5 For the purpose of this Term of Reference, "senior management" should refer to the same category of persons as referred to in the Company's annual report and is required to be disclosed under paragraph 12 of Appendix 16 to the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong.

5.6 In carrying out its duties under this Terms of Reference and within the authorities and powers delegated to the Executive Committee by the Board, the Executive Committee should:

5.6.1 observe and consider with due care matters delegated to the Executive Committee as set out in paragraph 5.1 above; and

5.6.2 take such management actions as the Executive Committee considers to be necessary to safeguard the interests of the Company and its subsidiaries and to further the strategies, business objectives and targets established by the Board.

5.7 The Executive Committee should review its own performance, constitution and this Terms of Reference to ensure it is operating at maximum effectiveness on a regular

basis and at least twice annually.

5.8 The Board shall review and consider the appropriateness of the management functions delegated to the Executive Committee as set out in paragraph 5.1 above and the effectiveness of the Executive Committee in performing its duties as set out in paragraph 5.2 and 5.4 above at least once annually.

6 Voting

6.1 Voting in the Meeting can be conducted by the show of hands and all decisions are determined by a two-three (2/3) majority or more from all members of the Executive Committee in order to become effective.

7 Frequency of meetings

Meetings shall be held by the Executive Committee at least a reasonable period before the intended date of the respective Board meeting, and at least 4 Meetings annually.

8 Notice of Meetings

8.1 Meetings shall be convened by the manager of legal department at the request of the Chairman.

8.2 Unless otherwise agreed, notice of each Meeting confirming the venue, time and date together with an agenda of matters to be discussed and accompanying papers shall be sent to each member of the Executive Committee Four (4) days prior to the date of the Meeting.

9 Attendance

9.1 As necessary or desirable, the Chairman may request that members of management be present at the Meeting.

9.2 Members of the Executive Committee can attend either in person, or by telephone conference or other communication equipment through which he/she can communicate with all participants in the Meeting.

9.3 Meetings can be held by way of circulation of resolutions and relevant documents.

10 Minutes

10.1 Minutes of the Executive Committee shall record in detail the matters considered by the Executive Committee, the decisions reached and recommendations made, including concerns raised and dissenting views expressed by members of the Executive Committee.

10.2 Minutes of the Executive Committee shall be sent to all members of the Executive Committee within Fourteen (14) days of the Meeting.

10.3 Unless there are legal or regulatory restrictions on disclosure of the matters discussed during the Executive Committee, the manager of legal department shall circulate the minutes of the Meetings to all members of the Board.

11 General

11.1 Any amendment or supplement to this Terms of Reference must be approved by the Board.