



CHANGGANG DUNXIN ENTERPRISE COMPANY LIMITED

長港敦信實業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2229)

Terms of Reference of the Board of Directors Approved and adopted on 15 May 2013

1. Code

1.1 The terms of reference of the Board are based on the terms of reference contained in the Code.

2. Board Composition

2.1 The number of Directors shall not be less than two. There is no maximum number of Directors unless otherwise determined by the members of the Company in general meetings.

2.2 The chairman of the Board shall be appointed by the Board.

3. Attendance at Meetings

3.1 A quorum for a meeting shall be two Directors.

3.2 The Company Secretary shall be the secretary to the Board. In the absence of the Company Secretary, the Directors present at the meeting of the Board shall elect another person as the secretary.

3.3 Where a substantial shareholder or Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter should be dealt with by a physical Board meeting rather than written resolution. Independent non-executive Directors who, and whose associates, have no material interest in the transaction should be present at that meeting of the Board.

4. Frequency of Meetings

4.1 The Board should meet regularly and Board meetings should be held at least four times a year at approximately quarterly intervals primarily for reviewing and approving the financial and operating performance, and considering and approving the overall strategies, policies and budgets of the Group. A meeting of the Board may be convened by any of its members, or by the Company Secretary at the request of any of the Directors.

- 4.2 Additional meetings shall be held as the work of the Board demands.
- 4.3 Except for regular meetings and save where paragraph 6 is applicable, the Board may circulate written resolutions for approval by all members of the Board in place of physical meetings.

5. Regulations Governing the Meetings and Proceedings of the Board

- 5.1 The provisions contained in the Company's articles of association and the Code for regulations and proceedings of directors govern the meetings and proceedings of the Directors.

6. Practices and Conduct of Meetings

- 6.1 Meeting schedules and draft agenda of each meeting shall be made available to Directors in advance.
- 6.2 All Directors shall be given an opportunity to include matters in the agenda for Board meetings.
- 6.3 Notices of regular Board meetings shall be served to all Directors at least 14 days before the meetings. For other Board and Board committee meetings, reasonable notice should be given.
- 6.4 Board papers together with all appropriate, complete and reliable information are generally sent to all Directors at least three days before each Board meeting or Board committee meeting (or other agreed period) to keep the Directors apprised of the latest development and financial position of the Company and to enable them to make informed decisions.
- 6.5 The Board and each Director also have separate and independent access to the senior management and Company Secretary whenever necessary.

7. Duties, Power and Authority

- 7.1 The business of the Company shall be managed and conducted by the Board which may exercise all powers of the Company that are not required to be exercised by the Company in general meetings in accordance with the articles of association of the Company and the relevant rules, regulations and the Code.
- 7.2 The Board shall be responsible for the leadership and control of the Group and for promoting the Group's success by directing and supervising the Group's affairs.
- 7.3 The Directors shall make decisions objectively in the best interests of the Company.
- 7.4 The Board may carry out its functions directly or through Board committees or management by delegation.

7.5 The Board shall be responsible for performing the corporate governance duties set out below or it may delegate the responsibility to a Board committee or committees:

- (a) to develop and review the Group's policies and practices on corporate governance and make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
- (e) to review the Group's compliance with the Code and disclosure in the corporate governance report of the Company; and
- (f) to review and monitor the Group's process of disclosure, including assessing and verifying the accuracy and materiality of price-sensitive information and inside information (as defined under Part XIVA of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong) and determine the form and content of any required disclosure.

7.6 The Board may delegate the day-to-day management and operation functions of the Group to the executive committee save to the extent that certain powers and authorities are reserved to the other Board committees or the full Board. The powers and authorities reserved to the full Board include the following but are not limited to:

- (a) monitoring and controlling the Company's operation and financial performance through the determination of the annual budget;
- (b) matters involving a conflict of interest for a substantial shareholder and/or a Director;
- (c) making decisions on whether or not to declare, recommend or pay dividend;
- (d) approving (i) the publication of preliminary announcement of the profits or losses in respect of annual results or interim results and (ii) the related financial statements and/or accounts;
- (e) approving any proposed change in the capital structure, including any redemption of its securities listed on the Stock Exchange;
- (f) approving any decision to change the general nature of the business of the Company;

- (g) approving any discloseable transaction, major transaction, very substantial acquisition and disposal or connected transaction within the meanings of Chapters 14 and 14A of the Listing Rules;
- (h) establishing or abolishing any Board committee and approving the terms of reference of such committee;
- (i) matters specifically set out in the Listing Rules which require approval at a full Board meeting;
- (j) setting appropriate policies to manage risks in pursuit of the Company's strategic objectives; and
- (k) any regulations or resolutions or restrictions that may be imposed upon the committees by the Board from time to time.

7.7 The Board shall regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether he is spending sufficient time performing them. Each Director should also disclose to the Company in a timely manner for any change, the number and nature of offices held in public companies or organisations and other significant commitments.

7.8 The Board or any Director(s), upon reasonable request to the chairman (or if it is from the chairman, to another executive Director), may seek independent professional advice in appropriate circumstances to assist the relevant Director(s) to discharge his/her/their duties to the Company, at the Company's expense.

8. Minutes and Records

8.1 The Company Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. The relevant member of the Board shall not be counted towards the quorum and he must abstain from voting on any resolution of the Board in which he or any of his associates has a material interest, unless the exceptions set out in note 1 of 4(1) in Appendix 3 to the Listing Rules apply.

8.2 Minutes of meetings shall record in sufficient detail the matters considered by the Board and decision reached, including any concerns raised by members of the Board or dissenting view expressed.

8.3 The Company Secretary shall circulate the draft and final versions of minutes of the meeting of the Board or, as the case may be, written resolutions of the Board to all members of the Board for their comment and records respectively within a reasonable time after the meeting or before the passing of the written resolutions.

8.4 The Company Secretary shall keep records of all meetings of the Board held during each financial year of the Company and records of individual attendance of members of the Board, on a named basis, at meetings held during that financial year.

9. Annual General Meeting of the Company

9.1 The Chairman of the Board shall attend the Company's annual general meeting and be prepared to respond to shareholders' questions on the Board's activities and its responsibilities.

10. Review

10.1 The Board shall periodically review the adequacy of these terms of reference and make appropriate amendments, as and when required, to ensure that they remain relevant to the Group's objectives.

11. Definitions

11.1 In these terms of reference, the following words or expressions shall have the following meanings unless the context requires otherwise:

“Board”	the board of Directors;
“Code”	Corporate Governance Code set out in Appendix 14 of the Listing Rules;
“Company”	Changgang Dunxin Enterprise Company Limited;
“Company Secretary”	the company secretary of the Company for the time being and from time to time;
“Director”	director of the Company for the time being and from time to time, and “Directors” shall be construed accordingly;
“Group”	the Company and its subsidiaries for the time being and from time to time;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time); and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.