

**CHIHOTIANDE GROUP LIMITED**  
**齊合天地集團有限公司**  
*(incorporated in the Cayman Islands with limited liability)*  
**(the “Company”)**

**TERMS OF REFERENCE**  
**OF**  
**THE EXECUTIVE COMMITTEE**

**1. Constitution**

The board (the “**Board**”) of directors (the “**Directors**”) of the Company hereby constitutes and establishes the Executive Committee with authority, and duties and powers as described in these Terms of Reference.

**2. Purpose of the Delegation**

The purpose of the Executive Committee is to streamline the operational management and administration of the Company so that certain decisions can be made without meetings of the full Board.

In connection with this, matters delegated to the Executive Committee shall include (but not limited to):-

- (a) formulating objectives and strategy for the Company and its subsidiaries (the “**Group**”) for approval by the Board;
- (b) agreeing and implementing policy guidelines for business divisions based on strategy approved by the Board and deal with the execution of such strategy;
- (c) developing and implementing Group policies, such as codes of ethics and business practice, code of conduct and compliance manual (if any) applicable to employees and directors, human resources policy, risk management policy, health and safety policy, communications policy, investor relations policy, corporate social responsibility policy, policies and practices on corporate governance, etc. and making recommendations to the Board;
- (d) supervision of the senior management of the Group;
- (e) dealing with the control, co-ordination and monitoring within the Group of risk and internal controls and ensuring that the Company maintains a sound and effective internal control to safeguard the shareholders’ investment and the Company’s assets;
- (f) dealing with compliance of the Group with relevant legislation, rules and regulations and their constitutions and reviewing and monitoring the Group’s policies and practices on compliance with legal and regulatory requirements and to make recommendations to the Board;
- (g) vetting trade investments, divestments and major capital expenditure proposals and, in respect of matters outside the powers of the Executive Committee, making recommendations for approval by the Board;

Appendix 14  
D.3.1(a) and  
(d)

Appendix 14  
D.3.1(c)

- |     |  |                         |
|-----|--|-------------------------|
| (h) | reviewing and monitoring the training and continuous professional development of directors and senior management of the Group; and | Appendix 14<br>D.3.1(b) |
| (i) | reviewing the Group's compliance with the code and disclosure in the Corporate Governance Report.                                  | Appendix 14<br>D.3.1(e) |

For the avoidance of doubt:-

- (a) the matters set out in the Appendix shall be reserved to the Board;
- (b) the Board shall have the overriding power (i) to expand or reduce the powers delegated to the Executive Committee by these Terms of Reference, and (ii) to direct the Executive Committee to act in a prescribed manner from time to time regardless of the powers delegated by these Terms of Reference.

### **3. Authority**

The Executive Committee is a committee of the Board.

Within the matters delegated to the Executive Committee, the Executive Committee shall have the same authority as the Board including:-

- (a) directing management and other employees of the Group in the performance of their duties;
- (b) delegation of any of the Executive Committee's duties and/or powers to management and other employees of the Group;
- (c) authorising any director or the secretary of the Company to execute and deliver any agreement, contracts, instrument, powers of attorney and other documents as the Executive Committee shall think fit in the course of executing its delegated powers;
- (d) authorising any officials of the Company to sign declarations, affidavits, warrants, bills of lading and other official documents, relating to patents, trade marks, customs, shipping, government returns, taxation documents, bad debts, liquidations and other similar matters documents as the Executive Committee shall think fit in the course of executing its delegated powers; and
- (e) approving the appointment of external advisers and contractors to act on behalf of the Company at the Company's expense.

The Executive Committee shall be provided with sufficient resources to discharge its duties and shall have right of access to all information relating to the Group, both from internal and external sources.

### **4. Membership**

Save as otherwise determined by the Board, the Executive Committee shall be made up of the following *ex officio* members:

- (a) Chairman;
- (b) Chief Executive Officer; and
- (c) Executive Directors.

The Executive Committee may invite such other persons as it consider necessary to attend all or part of any meeting of the Executive Committee.

**5. Chair**

The Chairman or Chief Executive Officer shall act as the chairman of the Executive Committee.

If the Chairman or Chief Executive Officer is unable to attend any meeting of the Executive Committee, the other members present may elect one of them to act as the chairman of that meeting.

**6. Secretary**

The Company Secretary shall act as the secretary of the Executive Committee who shall attend to administrative matters in relation to the Executive Committee including the arrangement of meetings, the agenda and any associated documents.

**7. Quorum**

The quorum necessary of the transaction of business shall be two (2) members. A duly convened meeting of the Executive 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 Executive Committee.

**8. Voting**

Voting in the meeting of the Executive Committee can be conducted by the show of hands and all decisions are determined by a simple majority of all members of the Executive Committee present in order to become effective.

**9. Proceedings of the Executive Committee**

Save as set out in these Terms of Reference, proceedings of the Executive Committee shall be carried out in the same manner as Board proceedings set out in the Company's Articles of Association.

**10. Minutes of Meetings**

The secretary of the Executive Committee shall minute the proceedings and resolutions of all meetings of the Executive Committee, including recording the names of those present and in attendance and the decision reached and recommendations made, including concerns raised and dissenting views expressed by the members of the Executive Committee.

Draft minutes of Executive Committee meetings shall be circulated promptly to all members of the Executive Committee for review and approval.

Once agreed, final minutes shall also be circulated to all the members of the Board.

**11. Reporting Procedures**

The Executive Committee should report to the Board on a regular basis. At each Board meeting, at least one member of the Executive Committee shall be present to respond to any queries from the Board regarding its work.

**12. Amendment**

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

Revised by the Board on 19 March 2012  
Revised by the Board on 24 April 2015

## **Appendix**

### **Schedule of matters reserved to the Board**

#### **1. Constitution and share capital**

- 1.1. Amendment or variation of the Company's Memorandum of Association and Articles of Association.
- 1.2. Increase, consolidation, sub-division, purchase, cancellation or conversion of any of the Company's share capital, or reduction of the Company's share capital, share premium account or reserves, or any alteration of the rights attaching to any class of the Company's shares.
- 1.3. Issue or allotment of any of the Company's shares or any securities convertible into or carrying a right of subscription in respect of any of the Company's shares or any share warrants, issue or grant of any share options other than in accordance with any share option scheme approved by Shareholders from time to time.
- 1.4. Amendment of rules of share option scheme of the Company.
- 1.5. Creation of additional classes of shares of the Company.
- 1.6. Change of board lot size.
- 1.7. Corporate reorganisation. For the avoidance of doubt, corporate reorganisation does not include the establishment and disposals of subsidiaries and associated companies in the ordinary and usual course of business of the Group not otherwise falling within the other paragraphs of this Appendix.
- 1.8. Decision to delist the Company's from the Hong Kong Exchange.

#### **2. Strategy**

- 2.1. Overall responsibility for formulating the Group's strategy and long term objectives.
- 2.2. Overall responsibility for the management of the Group.
- 2.3. Adoption of long-term and medium-term objectives and strategic plans of the Group.
- 2.4. Oversight of the Group's operations ensuring (a) competent and prudent management, (b) sound planning, (c) adequate internal control system, (d) adequate accounting and other records, (e) compliance with statutory and regulatory obligations.
- 2.5. Periodic review of performance in the light of the Group's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- 2.6. Extension of the Group's activities into new business or geographic areas.
- 2.7. Any decision to cease to operate all or any material part of the Group's business.

#### **3. Policies**

- 3.1. Approval of corporate policies relating to securities transactions by Directors and senior management.
- 3.2. Amendment or variation to policies adopted by the Board.

#### **4. Business and management**

- 4.1. Recommendation of any final dividend to Shareholders for approval and approval for payment of any interim dividend by the Company.

- 4.2. Convening of general meetings of Shareholders.
- 4.3. Approval for publication of:-
  - 4.3.1. annual results, interim results and quarterly results (if any) announcements of the Company;
  - 4.3.2. annual reports, interim reports and quarterly reports (if any) of the Company;
  - 4.3.3. corporate governance reports or summary corporate governance reports (if any) of the Company;
  - 4.3.4. notices, resolutions and corresponding documentation to be put forward to Shareholders at a general meeting; and
  - 4.3.5. all circulars and press announcements.

save that, in each of the cases mentioned in 4.3.1 to 4.3.5 above, once an advance version of the relevant document has been considered by the Board, the Board may delegate the finalisation and despatch of the document to the management or a committee.

- 4.4. Significant capital expenditure. For this purpose, significant capital expenditures are expenditures where, individually or as a series, any percentage ratio (as defined in Rule 14.07 of The Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) is 5% or more.
- 4.5. Carrying on of any material business which is outside the ordinary business of the Group.
- 4.6. Doing anything which comprises or may comprise a substantial change in the nature or conduct of the ordinary business of the Group.

## **5. Delegation**

- 5.1. Establishment of any Board committee and delegation of any of the powers of the Board to such committee.
- 5.2. Adoption, amendment or variation of terms of reference of any Board committee.
- 5.3. Appointment or removal of any member of any Board committee.

## **6. Financial matters**

- 6.1. Approval of any significant changes in accounting policies or practices.
- 6.2. Obtaining of any financing, borrowing, loan or other form of credit from any Connected Person by any member of the Group.
- 6.3. Obtaining of any financing, borrowing, loan or other form of credit from any bank or external lender (other than a Connected Person) by any member of the Group that exceeds HK\$1 billion. For this purpose, use, repayment and re-use of trade financing for the ordinary and usual course of business of the Group pursuant to committed bank facilities are excluded.
- 6.4. Giving of any guarantee, bond, indemnity, suretyship or any financial assistance to secure the liabilities or obligations of any Connected Person.
- 6.5. Giving of any guarantee, bond, indemnity, suretyship or any financial assistance to secure the liabilities or obligations of any person (other than a Connected Person) when:
  - 6.5.1. such person is not a wholly-owned subsidiary of the Company and the guarantee, bond, indemnity or surety is given in the ordinary course of the business of the Group and the maximum liability of the Company under such guarantee, bond, indemnity or surety exceeds HK\$300 million; or

- 6.5.2. such giving of guarantee, bond, indemnity or surety is not in the ordinary course of the business of the Group; or
- 6.5.3. such giving of guarantee, bond, indemnity or surety is to secure the liabilities or obligations of a wholly-owned subsidiary of the Company but the maximum liability of the guarantee, bond, indemnity or suretyship exceeds HK\$1 billion.
- 6.6. Creation of any fixed or floating charge, lien (other than a lien arising by operation of law) or other encumbrance over the whole or any part of the undertaking, property or assets of any member of the Group in favour of any Connected Person.
- 6.7. Creation of any fixed or floating charge, lien (other than a lien arising by operation of law) or other encumbrance over the whole or any substantial part of the undertaking, property or assets of any member of the Group in favour of any bank or external lender (other than a Connected Person).
- 6.8. Making of any loan or advance or giving of any credit by any member of the Group to any Connected Person (other than normal trade credit or advances made to such Connected Person against expenses incurred by him or her on behalf of such member of the Group).
- 6.9. Making of any loan or advance or giving of any credit by any member of the Group in excess of HK\$5,000,000 to any person (other than normal trade credit, or loans to any member of the Group, or advances made to an employee of any member of the Group against expenses incurred by him or her on behalf of any member of the Group, or to a Connected Person).
- 6.10. Pledging of the Company's shares by the controlling shareholder to secure debts of the Company or to secure guarantees or other support of obligations of the Company.
- 6.11. Change of the Company's financial year.

## **7. Corporate governance and internal controls**

- 7.1. Undertaking a periodic review of the Group's overall corporate governance arrangements, policies and practices.
- 7.2. Ensuring maintenance of a sound internal control system and risk management including:
  - 7.2.1. receiving reports on, and reviewing the effectiveness of, the Group's risk and control processes to support its strategy and objectives;
  - 7.2.2. undertaking an annual assessment of these processes; and
  - 7.2.3. approving an appropriate statement for inclusion in the annual Corporate Governance Report.

## **8. Acquisitions and disposals**

- 8.1. Acquisition or realization by any member of the Group of assets (including securities of any company, whether or not the same are listed on any stock exchange), other than capital expenditure items already provided in the Group's Budget and Plan, where, either individually or as a series of related transactions, any of the percentage ratios is 5% or more.
- 8.2. Acquisition or realization by any member of the Group of assets from or to any Connected Person.
- 8.3. Purchase, sale or grant of mortgages of any real property by any member of the Group.

## **9. Contracts and obligations**

- 9.1. Entering into or variation of any material contract or material transaction or assumption of any material liability which is outside the ordinary course of business of the Group or not on arm's length terms or not at market value.
- 9.2. Agreeing to or permitting any amendment in any material respect of any key material agreements or arrangements that will significantly affect the business of the Group.
- 9.3. Entering into or dissolving or terminating any partnership or joint venture agreement with any person which involves the investment of an amount where, either individually or as a series of related investments, any of the percentage ratios is 5% or more.
- 9.4. Appointment by any member of the Group of any external consultant or adviser (except for auditors whose remuneration and terms of engagement are to be approved by the Audit Committee) whose service fee exceeds HK\$10,000,000 per appointment.

## **10. Board members, auditors and employees**

- 10.1. Appointment or dismissal of any Director, the Company Secretary or any Authorized Representative of the Company.
- 10.2. Changes to the structure, size and composition of the Board.
- 10.3. Ensuring adequate succession planning for the Board and senior management.
- 10.4. Continuation in office of Directors at the end of their term of office, when they are due to be re-elected by Shareholders at the AGM and otherwise as appropriate.
- 10.5. Continuation in office of any director at any time, including the suspension or termination of service of an executive Director as an employee of the company, subject to the law and their service contract.
- 10.6. Appointment, reappointment or removal of the external auditor to be put to Shareholders for approval, following the recommendation of the Audit Committee.
- 10.7. Determining the remuneration policy for the Directors and other senior management following recommendations from the Remuneration Committee.
- 10.8. Determining the remuneration of the non-executive Directors, subject to the Company's Articles of Association.
- 10.9. Unless required by law, the adoption of a new retirement plan by the Group or material change in the terms or administration of any existing retirement plans of the Group.

## **11. General matters**

- 11.1. Change in arrangements regarding the Company's share registers.
- 11.2. Issue of any profit warning announcement or disclosure of any price-sensitive information by the Company.
- 11.3. Settlement of any action, suit, or proceedings to which any member of the Group is a party if such settlement involves the payment or receipt of more than HK\$5,000,000.
- 11.4. Transactions that are required to be reported to the Exchange, disclosed by way of announcements or approved by Shareholders under the Listing Rules or under any law or regulations.
- 11.5. Matters that are required to be approved by the Board under the Company's Articles of Association or any law or regulations.
- 11.6. Changes to this schedule of matters reserved to the Board.