

China Goldjoy Group Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 1282)

**TERMS OF REFERENCE
OF
BOARD OF DIRECTORS**

1. MEMBERSHIP

- 1.1 The Board of Directors (the “Board”) of China Goldjoy Group Limited (the “Company”) should have the appropriate balance of skills, experience, independence and knowledge of the Company to enable it to discharge its duties and responsibilities effectively.
- 1.2 The Board should be of sufficient size that the requirements of the business can be met and that changes to the Board’s composition can be managed without undue disruption. The Board should not be so large as to be unwieldy. The Board should comprise a balance of executive and independent non-executive directors. The Board should appoint independent non-executive directors representing at least one-third of the Board.
- 1.3 The term of a Director shall be not more than approximately 3 years expiring at the conclusion of the annual general meeting held in the third year following the year of his or her appointment.

2. FREQUENCY AND PROCEEDINGS OF MEETINGS

- 2.1 The Board shall aim to meet at least four times a year. Additional meetings should be held as and when the Board considers necessary. The chairman of the Board (the “Chairman”) may convene additional meetings at his discretion. Notice of meetings shall be given to all directors of the Board (the “Directors”).
- 2.2 The quorum for a meeting shall be two members of the Board.
- 2.3 The Chairman shall have a second or casting vote in the case of an equality of votes, and this power shall be exercised at the Chairman’s own discretion.
- 2.4 The Chief Financial Officer and the company secretary of the Company (the “Company Secretary”) shall normally attend the meeting. Other executives and professional parties will from time to time be invited to attend the meeting to provide information on matters to be addressed at

such meeting.

- 2.5 Unless expressly provided otherwise, proceedings of meetings of the Board shall be governed by the provisions of the Articles of Association of the Company.

3. NOTICE OF MEETINGS

- 3.1 Notice of any meetings has to be given at least 14 days prior to any such meeting being held, unless all Directors unanimously waive such notice. Irrespective of the length of notice being given, attendance of a meeting by a Director shall be deemed waiver of the requisite length of notice by the Director. Notice of any adjourned meetings is not required if adjournment is for less than 14 days.

4. BOARD RESOLUTIONS

- 4.1 A resolution in writing signed by all the Directors shall be as valid and effectual as if it had been passed at a meeting of the Board and may contain in one document or in several documents in like form each signed by one or more of the Directors or alternate Directors of the Board. Such resolution may be signed by fax. This provision is without prejudice to any requirement under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for a Board meeting to be held.

5. RESPONSIBILITY

- 5.1 The Board is responsible for performing the corporate governance duties include but are not limited to:
- (a) to develop and review the Company's policies and practices on corporate governance;
 - (b) to review and monitor the training and continuous professional development of Directors and senior management;
 - (c) to review and monitor the Company'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 policy on Board diversity (the "Board Diversity Policy") and any measurable objectives for implementing such Board Diversity

Policy as may be adopted by the Board from time to time and to review the progress on achieving the objectives; and to make disclosure of its review results in the annual report of the Company annually; and

- (f) to review the Company's compliance with the Corporate Governance Code contained in Appendix 14 of the Listing Rules and disclosure in the Corporate Governance Report of the Company.

6. DUTIES, POWERS AND FUNCTIONS

6.1 The duties, powers and functions of the Board shall be follows:-

- (a) To manage the business of the Company and its subsidiaries (the "Group") in accordance with the Company's Articles of Association;
- (b) To ensure compliance with the Company's Articles of Association and the laws, rules and regulations governing the Group;
- (c) To lead and supervise the Group's management to act in the interest of the public as well as its shareholders, but in case of conflict, the former shall prevail; and
- (d) Without prejudice to the generality of the foregoing:
 - (i) to establish, adopt and review the Group's vision, mission, principles, policies and values;
 - (ii) to oversee and enhance the Group's development, to adopt and monitor its strategic and annual operating plan, and to approve its financial budget;
 - (iii) to nominate candidates to fill any casual vacancies and to stand for election by shareholders;
 - (iv) to review the Board's performance and its members' independence;
 - (v) to form any committee(s) or panels, appoint members thereto, delegate at any time and from time to time to any person or committee(s) or panel(s), any of its powers and functions conferred on it hereunder, review and approve the reports of the committee(s) and panel(s), review their performance and revise their composition and terms of reference as appropriate;
 - (vi) to oversee all matters and to formulate policies in relation to the Group's internal control, businesses and corporate

- accommodation, investment, succession plans, remuneration and compensation for Directors and employees, risk management, corporate governance and corporate social responsibility, and to supervise the Group's management to implement such policies;
- (vii) to select, appoint, evaluate and if necessary, remove any Group's senior executives, including without limitation the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer and the Company Secretary;
 - (viii) to review the Group's performance against targets and objectives, in particular its performance on finance, business, corporate governance and corporate social responsibility;
 - (ix) to be responsible for the preparation and the true and fair presentation of the financial statements in accordance with the prevailing accounting standards and laws, to approve the financial statements and to appoint and liaise with the Group's external auditor;
 - (x) to consider and, if appropriate, declare or recommend to shareholders on appropriation of profit, payment of dividend and allocation to reserve account;
 - (xi) to interpret and supervise compliance with those parts of the Group's Rules, Regulations and Operational Procedures (collectively, "Rules"), review the Rules and approve amendments to the Rules for the approval of the Securities and Futures Commission;
 - (xii) to liaise with all regulatory authorities and organizations on all matters relating to the Group, and to monitor changes in their policies relating to and affecting the Group;
 - (xiii) to convene general meetings and to make proposals for the approval of shareholders thereat;
 - (xiv) to ensure accountability towards and sufficient communication with the Group's stakeholders, in particular its shareholders;
 - (xv) to engage such external legal or other professional advisers to assist and/or advise it on issues as it considers necessary;
 - (xvi) to have full and free access to the Group's information to ensure informed decision making; and

- (xvii) to do any such things to enable the Board to discharge its obligations and responsibilities.

7. REPORTING PROCEDURES

- 7.1 The Company Secretary shall circulate the minutes of meetings and all written resolutions of the Company to all the Directors. The Company Secretary shall keep record of all meetings of the Board held during each financial year of the Company and records of individual attendance of all Directors, on a named basis, at meeting held during that financial year.
- 7.2 Directors may appoint, employ or retain such professional advisors as they may consider appropriate. Any such appointment shall be made through the Company Secretary, who shall be responsible for the contractual arrangements and payment of fees by the Company on behalf of the Board.

8. AVAILABILITY AND UPDATE OF THE TERMS OF REFERENCE

- 8.1 These terms of reference shall be updated and revised as and when necessary in light of changes in circumstances and changes in regulatory requirements (e.g. the Listing Rules) in Hong Kong. These terms of reference shall be posted on the website of the Company.
- 8.2 The Board may, subject to compliance with the Articles of Association of the Company and the Listing Rules (including the Corporate Governance Code set out in Appendix 14 to the Listing Rules or, if adopted by the Company, the Company's own code of corporate governance practices), amend, supplement and revoke these terms of reference and any resolution passed by the Board provided that no amendments to and revocation of these terms of reference and the resolutions passed by the Board shall invalidate any prior act or resolution of the Board which would have been valid if such terms of reference or resolution had not been amended or revoked.

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