

North Asia Resources Holdings Limited
(“Company”)

Terms of reference of the
Board of Directors (the “Board”) of the Company

1. Constitution

- 1.1 The Board is established pursuant to the Company’s Bye-Laws and the rules (the “Listing Rules”) governing the listing of securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

2. Membership

- 2.1 The Board shall consist of not less than *two* (2) members, at least one-third or *three* (3), of whom shall be independent non-executive directors.
- 2.2 The Board shall appoint one of its members to the office of Chairman of the Board and another to be the Deputy Chairman (or two or more Deputy Chairman) and determine the period for which each of them is to hold office.
- 2.3 As the Company does not have a nomination committee, the appointment or removal of members are the collective decision of the Board and are made by way of resolutions passed by the Board.
- 2.4 At each annual general meeting one-third of the Board for the time being, or if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation. A retiring member shall be eligible for re-election. Every member shall be subject to retirement by rotation at least once every *three* (3) years.

3. Company Secretary

- 3.1 The Board shall approve the selection, appointment or dismissal of the Company Secretary by way of a physical meeting.
- 3.2 The Company Secretary shall report to the Chairman and/or the chief executive.
- 3.3 The Company Secretary shall be an employee of the Company and have day to day knowledge of the Company’s affairs. The Company Secretary is responsible for advising the Board through the Chairman and/or chief executive on governance matters and should also facilitate induction and professional development of directors.
- 3.4 All members shall have access to the advice and services of the Company Secretary to ensure that board procedures, and all applicable law, rules and regulations, are followed.

4. Proceedings of the Board

- 4.1 **Notice:** Unless otherwise agreed by all the members, a regular meeting shall be called by at least *fourteen* (14) days’ notice. For all other meetings, reasonable notice shall be given.

- 4.2 A member may and, on the request of a member, the secretary shall, at any time summon a meeting. Notice shall be given to each member in person orally or in writing or by telephone or by telex or telegram or facsimile transmission at the telephone or facsimile or address from time to time notified to the secretary by such member or in such other manner as the members may from time to time determine. Any notice given orally shall be confirmed in writing and before the meeting. Notice of meeting shall state the time and place of the meeting and shall be accompanied by an agenda together with other documents which may be required to be considered by the members of the for the purposes of the meeting.
- 4.3 **Quorum:** The quorum of the Board meeting shall be *two* (2) members.
- 4.4 **Attendance:** The secretary shall normally attend meetings. Other senior management staff may also be invited to attend.
- 4.5 **Frequency:** The Board shall meet regularly and meetings shall be held not less than *four* (4) times a year at approximately quarterly intervals. Such regular meetings shall normally involve the active participation, either in person or through other electronic means of communication, of a majority members entitled to be present.
- 4.6 Prior to each meeting (for regular meetings, at least *three* (3) days prior), the Chairman, with the support of the Company Secretary, will ensure that every member has been properly briefed on issues and provided with the agenda and accompanying documents containing adequate information to enable them to make informed decisions at the meeting. Every member has an opportunity to include matters in the agenda for discussion at each meeting.

5. **Written resolutions**

- 5.1 Written resolutions may be passed by all members in writing.

6. **Alternate members**

- 6.1 A member may appoint any person to act as his alternate, by notice in writing signed by him delivered to the registered office or head office or at a meeting of the members.

7. **Authority of the Board**

- 7.1 The Board may exercise the following powers:

- (a) to assume responsibility for the leadership and control of the Company and be collectively responsible for promoting its success by directing and supervising its affairs;
- (b) to make decisions objectively, in the best interests of the Company;
- (c) to, collectively be responsible for the management and operations of the Company;
- (d) to monitor whether the Group's management has, in the performance of their duties, infringed any policies set by the Board or any applicable law, regulation and code (including the Listing Rules, the Listing Agreement (if any) and other rules and regulations from time to time determined by the Board);
- (e) to seek any information it requires from the Company Secretary and/or any employee

of the Company and its subsidiaries (together, the “**Group**”) and to require any of them to prepare and submit reports and to attend meetings and to supply information and address the questions raised by the Committee; and

- (f) to seek independent professional advice in appropriate circumstances, at the expense of the Company.

7.1 Duties

7.1 The duties of the Board shall be:

- (a) to be responsible for and 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 issuer’s compliance with the code and disclosure in the Company’s Corporate Governance Report;
- (f) the board may delegate aspects of its management and administration functions to the management, however, the following matters are specifically reserved for Board approval:
 - (i) Any matters that create a general disclosure obligation on the Company under Rule 13.09 of the Rules, in relation to price sensitive information;
 - (ii) Any matters that create a specific disclosure obligation on the Company under Rule 13.12 to 13.19 of the Rules such as advance to entity above 8% under the Asset ratio, financial assistance and guarantees to affiliated companies, pledging of shares by the controlling shareholder, etc.;
 - (iii) The creation or issues of any shares in the Company or any of its subsidiaries (together, the “Group” or individually, a “Group Company”) or the grant of any options over any shares or the uncalled capital of any Group Company or the issue of any warrants, debentures, securities or other obligations convertible into shares in any Group Company or the entering into of any agreement to do the same;
 - (iv) The capitalization, repayment or other distribution of any amount standing to the credit of any reserve of any Group Company or the redemption or purchase of any shares of any Group Company or any other reorganization of share capital;
 - (v) The winding up or liquidation of any Group Company;
 - (vi) The alteration of the rights attaching to the securities of any Group Company;
 - (vii) The alteration of the memorandum and articles of association and Bye-laws of any Group Company;

- (viii) The acquisition or formation of any subsidiaries or the acquisition of any shares of any other company or the participation by any Group Company in any partnership or joint venture;
- (ix) The entering into of any contract of a material, an unusual or onerous nature by any Group Company other than in the ordinary course of business;
- (x) Except in the ordinary and normal course of business of any Group Company or to or for the benefit of another Group Company, the lending of any moneys (otherwise than by way of deposit with a bank or other institution the normal business of which includes the acceptance of deposit), the granting of any credit or the giving of any guarantees, indemnity, surety, mortgage, lien, charge, encumbrance or other security interest of any nature whatsoever in respect of all or any part of the undertaking, property or assets of any Group Company;
- (xi) The amalgamation or merger of any Group Company with any other company or concern;
- (xii) The alteration, appointment and removal of any members of the Board;
- (xiii) The making of any capital commitment by any Group Company which is not capable of being terminated at law without compensation at any time with 3 months' notice or less or which involves or may involve a total annual expenditure of in excess of HK\$10,000,000;
- (xiv) The Borrowing of moneys exceeding HK\$10,000,000;
- (xv) The making, declaration of payment of any dividend or distributions;
- (xvi) The appointments and removals of the Chief Executive Officer (the "CEO") and the Company Secretary of the Company;
- (xvii) The appointment and removal of the external auditors of the Company and the fixing of their remuneration;
- (xviii) The formation or setting up of Board Committees e.g. audit, remuneration, or nomination committees and the prescription of sufficiently clear terms of reference to enable such committees to discharge their functions properly;
- (xix) The approval of the yearly and half yearly audited/unaudited financial statements and reports of auditors for the Group and the respective results announcements;
- (xx) The refreshment of share option mandate, general mandate, repurchase mandate and specific mandates (subject to shareholder approval); and
- (xxi) The opening and closing of bank accounts and changes in the signing authorities.

The above list will be reviewed by the Board, periodically and may be changed or amended from time to time.

8. Reporting procedures

8.1 Full minutes of meetings shall be kept by the Company Secretary. The Minutes of the meetings shall record in sufficient detail the matters considered and decisions reached,

including any concerns raised by the members or dissenting views expressed. Draft and final versions of minutes shall be sent to all directors for their comment and records respectively, within a reasonable time after the meeting is held.

9. Continuing application of the bye-laws of the Company

- 9.1 The bye-laws of the Company regulating the meetings and proceedings of the Board so far as the same are applicable and are not replaced by the provisions in these terms of reference shall apply to the meetings and proceedings of the Board.

10. Powers of the Board

10. The Board may, subject to compliance with the bye-laws of the Company and the Listing Rules (including the 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 and resolution of the Board which would have been valid if such terms of reference or resolution had not been amended or revoked.